

PARLIAMENT OF VICTORIA

**PARLIAMENTARY DEBATES
(HANSARD)**

LEGISLATIVE COUNCIL

FIFTY-FOURTH PARLIAMENT

FIRST SESSION

19 June 2001

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The Hon. P. R. HALL to 20 March 2001

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Tuesday, 19 June 2001

The **PRESIDENT (Hon. B. A. Chamberlain)** took the chair at 10.04 a.m. and read the prayer.

ROYAL ASSENT

Message read advising royal assent to:

Building (Single Dwellings) Act
Gas Industry Act
Gas Industry Legislation (Miscellaneous Amendments) Act
Health (Amendment) Act
Post Compulsory Education Acts (Amendment) Act
Racing (Racing Victoria Ltd) Act
Whistleblowers Protection Act

BUSINESS OF THE HOUSE

Sessional orders

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

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

That so much of the sessional orders be suspended as would prevent government business taking precedence of all other business from 12 noon during the sitting of the Council on Wednesday, 20 June 2001.

Motion agreed to.

FUNDRAISING APPEALS (AMENDMENT) BILL

Introduction and first reading

Hon. M. R. THOMSON (Minister for Consumer Affairs), by leave, introduced a bill to amend the Fundraising Appeals Act 1998 and for other purposes.

Read first time.

PAPERS

Laid on table by Clerk:

Auditor-General — Annual Plan, 2001–2002.

Medical Practitioners Board — Report, 2000.

Mount Stirling Alpine Resort Management Board — Report, 1999–2000.

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

Ballarat Planning Scheme — Amendment C37.

Golden Plains Planning Scheme — Amendment C5.

Melbourne Planning Scheme — Amendment C41.

Mornington Peninsula Planning Scheme — Amendment C29.

Whitehorse Planning Scheme — Amendment C28.

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

Financial Sector Reform (Victoria) Act 1999 — Remaining provisions — 15 June 2001 (*Gazette No. G24, 14 June 2001*).

APPROPRIATION (2001/2002) BILL

Second reading

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

That this bill be now read a second time.

Introduction

Last year, the first budget of the Bracks Labor government delivered on our election commitment to govern for all Victorians.

It delivered responsible financial management.

It demonstrated our commitment to the people of rural and regional Victoria.

It met each and every one of our promises in education, health and community safety.

And it introduced a new level of openness and accountability in government decision making.

This year, we take the next step.

We set the scene for continued economic and jobs growth in the state.

We look to the skills and technology Victoria needs in the medium to long term.

We recognise that for sustainable growth, we must manage our natural resources wisely.

And we continue to put in place the frameworks for long-term improvement in our social services.

Responsible financial management

A sound and stable financial platform is fundamental to Victoria's economic, social and environmental wellbeing.

All the initiatives in this budget will be delivered within a framework of responsible financial management.

A substantial budget operating surplus of \$509 million is forecast for 2001–02, with surpluses averaging around \$500 million projected in the following three years.

The government is committed to keeping the state's net financial liabilities at prudent levels.

As evidence, state government net debt, excluding Growing Victoria, will decline from \$4.9 billion at June 1999 to \$2.5 billion by June 2005.

Mr President, under the Bracks government, Victoria's net debt will be cut by half.

Growing the whole state

The Victorian economy is also in good shape — and, for the first time in many years, regional Victoria is benefiting from new economic and employment opportunities.

The Bracks government's policies have focused on rebuilding rural and regional communities.

There is a new-found confidence and optimism in many regional areas — and the government is proud to have contributed to the revitalisation of country Victoria.

The government is committed to growing the whole state.

In this budget, the government has taken the next step and put in place the programs to further improve the productive capacity of the whole Victorian economy — by investing in Victoria's infrastructure, driving innovation, enhancing the competitiveness of Victoria's business tax regime and ensuring environmentally sustainable development.

Infrastructure

In this budget, the government delivers record investment in new infrastructure projects totalling \$2.13 billion commencing in 2001–02 — the biggest

new budget investment in public infrastructure in Victoria's history.

Over the next four years, Victoria's net spending on asset investment will increase by a massive 45 per cent.

Victoria's investment in infrastructure will be entirely financed from budget surpluses and the planned allocation of the Growing Victoria infrastructure reserve.

Recognising Victoria's strong financial performance this year, the 2001–02 budget also allocates a further \$175 million to the original \$1 billion Growing Victoria reserve.

Transport

The government is revitalising Victoria's transport infrastructure.

In this budget, the government addresses more than 120 years of different rail gauges in Victoria by providing \$96 million for the standardisation of regional railway gauges, to deliver a seamless freight system across the state.

This will reduce freight costs and improve access to Victoria's ports for regional business and industry.

And it will bring significant economic and environmental benefits to regional communities across Victoria.

In addition, the government is providing \$30 million for the realignment of the current railway through Wodonga; bringing train services back to the people of country Victoria, with \$33 million for capital works for the reopening of country rail services; and allocating an additional \$470 million towards fast rail links between Melbourne and the several key regional centres.

The Bracks government will meet the challenge of revitalising Victoria's roads, rails and ports, and we will drag Victoria's transport system into the 21st century.

Innovation — leading the way

As well as building a 21st century transport system, the government is determined to position Victoria as a world leader in innovation, science and technology.

Victoria's strong research and knowledge creation credentials have already put us on the map as one of the world's technology hot spots, with an economy characterised by innovation, leading edge use of technology and a highly skilled and educated work force.

This budget builds on these strengths to position Victoria as a global leader in ICT, biotechnology and advanced manufacturing by enhancing Victoria's learning environment, expanding research and knowledge creation, and driving innovation and creativity.

In this budget, the government will invest an additional \$386 million in education and training infrastructure over the next four years — the biggest investment in education and training infrastructure in decades.

The government will also drive the expansion of Victoria's knowledge-creation capabilities by investing in research and education institutions — particularly targeting the areas of agriculture, viticulture, gene technology and space science.

Competitive business environment

The government has developed a state business tax regime that will reduce business costs and raise business confidence.

The government's Better Business Taxes: Lower, Fewer, Simpler package is based on the belief that Victorian businesses throughout the state, large or small, should receive a fair deal from tax reform.

It reduces the burden of payroll tax, cuts the number of state business taxes and reduces paperwork and red tape.

The government has delivered its promise to cut business taxes by \$100 million per year from July 2001, increasing to \$200 million per year by July 2003.

In addition, further tax cuts rising to \$151 million in 2004–05 are delivered in this budget.

That makes a total of \$774 million in tax cuts over the next four years.

Environmental sustainability

Building for tomorrow also means putting in place long-term strategies to ensure that economic growth is environmentally sustainable.

This budget gives effect to the historic agreement with New South Wales and the commonwealth to restore flows to the Snowy River.

Victorians can be proud of the environmental leadership shown by the Bracks government in restoring flows to the Snowy — one of Australia's great rivers.

The government is also showing leadership in protecting Victoria's marine environment.

In addition, the government is tackling salinity — a major environmental issue that is restricting economic and regional development across Victoria.

The commonwealth and the states are signing a national action plan for salinity and water quality.

Mr President:

infrastructure;

innovation;

competitive business taxes;

environmental sustainability.

These will underpin long-term jobs growth in Victoria — and, in this budget, the government makes a substantial investment in each.

Delivering improved services

Delivering new jobs for Victorians is fundamental to the Bracks government.

So too is delivering high-quality services.

In 2000–01, the government honoured its commitment to improve services and boost expenditure in key areas in health, education and community safety.

In the 2001–02 budget, the government is building on last year's investments by adopting medium to long-term strategies to improve service quality, access and equity. For example, the rebuilding of Victoria's health system continues with a \$1.4 billion boost in this budget.

Community building

All these investments — in infrastructure, in people, in services, in community safety — are directed towards the government's goal of promoting sustainable economic and social development across the whole of Victoria.

But some parts of Victoria are doing better than others.

The government's strategy of community building is designed to target those areas being held back by geographic or socioeconomic disadvantage — those communities, regions and suburbs which are facing difficult issues such as high unemployment, lack of educational opportunity and social isolation.

This whole-of-government strategy will provide new opportunities for partnerships with communities, local government, business and philanthropic trusts.

Restoring democracy and accountability

Finally, this budget demonstrates the Bracks government's commitment to accountability and transparency, and ensures that its financial operations are subject to enhanced scrutiny.

The budget has again been examined by the Auditor-General as required by the new standards of financial reporting introduced by the government last year.

This assures Victorians that the government's budget decisions are consistent, reasonable and properly prepared.

Right across the board, we have opened up the processes of government.

We have given Victorians a say in what they want for their families and communities.

This budget reflects what Victorians want for the future of their state.

And it is proof of this government's commitment to consultation, to openness and to working in partnership with Victorian communities.

Appropriation bill

The Appropriation (2001/02) Bill provides authority to enable government departments to meet their agreed service delivery responsibilities in 2001–02.

The bill supports a financial management system that recognises the full cost of service delivery in Victoria and is thus based on an accrual framework.

Schedule 1 of the bill contains estimates for 2001–02 and provides a comparison with the 2000–01 figures.

In line with recent practices, the estimates included in schedule 1 of the bill are provided on a net appropriation basis.

These estimates do not include certain receipts that are credited to departments pursuant to section 29 of the Financial Management Act 1994.

Conclusion

Mr President, the Bracks Labor government is getting on with the job:

by reforming the business tax system;

by dragging our transport system into the 21st century;

by driving innovation and creativity;

by overhauling the corrections system;

by building stronger communities;

by putting in place the framework for improved services in education, health and aged care; and

by maintaining a strong and secure financial base.

This budget is financially responsible and socially progressive.

It is a budget that delivers today — and builds for tomorrow.

Mr President, I commend the bill to the house.

Hon. R. M. Hallam — On a point of order, Mr President, I raise for the attention of the house an inconsistency in the speech delivered in the chamber by the minister. It repeats an issue that I raised directly with the Treasurer. I point out to the house that under the heading 'Responsible financial management' the minister states:

As evidence, state government net debt, excluding Growing Victoria, will decline from \$4.9 billion at June 1999 to \$2.5 billion by June 2005.

That is clearly inconsistent with the budget documents. I refer honourable members to table 8.4 on page 152 of budget paper 2, which estimates state government net debt for 2005 at \$3.5 billion, and to chart 8.7 on page 153 of the same document which estimates state government net debt at \$3.5 billion.

The commentary under the heading 'net debt' states:

Given this, state government net debt (excluding Growing Victoria financial assets) is projected to fall from \$5.2 billion as at June 2000 to \$3.5 billion as at June 2005.

I submit to the chamber that the minister's speech is wrong, and that error has been specifically drawn to the attention of the Treasurer. I have asked a question on notice highlighting that precise discrepancy. I invite the minister to correct the record.

Hon. T. C. Theophanous — On the point of order, Mr President, this issue was raised by the honourable member during the course of the estimates hearings of the Public Accounts and Estimates Committee at which I was present. The honourable member extensively

questioned the Treasurer in relation to this issue. I believe the Treasurer provided him with a response on the reasoning behind the wording that had been used and indicated to the committee that the figures are appropriate.

It is a question of the wording one uses to refer to the \$2.5 billion about which the honourable member is talking. There is a figure of \$2.5 billion, but there is also a figure of \$3.5 billion. My recollection is that it depends on the wording by which each of those figures is referred to. The Treasurer indicated during the committee hearing that the reasoning behind the wording is contained in the budget papers. This is more rightly a matter for debate during the consideration of the budget by the chamber rather than a matter for raising a point of order about accuracy or non-accuracy, since both figures are contained in the budget papers and are referred to in different ways and the Treasurer has provided an extensive response to the Public Accounts and Estimates Committee.

Hon. D. McL. Davis — On the point of order, Mr President, I support the point of order raised by the Honourable Roger Hallam. It is not a matter of terminology. Precisely the same terminology is used in different places in the budget. I direct the attention of the house to page 152 of budget paper 3 and the second-reading speech that has just been read — the terminology is precisely the same. The only point of difference is the figures.

Hon. R. M. Hallam — Further on the point of order, Mr President, this is not an issue of definition — I am relaxed about the definition used. In fact, I am employing the definition offered to the house by the Treasurer in the budget documents and by the minister in her second-reading speech to the chamber. The description in both cases is ‘state government net debt’, and there is a \$1 billion difference between the second-reading speech and the budget documents. It is not an issue of definition of terms.

Hon. C. C. BROAD — I advise that the second-reading speech is as supplied by the Treasurer, and I have no intention of changing it in any way, shape or form.

Hon. Bill Forwood — On a point of order, Mr President, it would seem to me that it is important that the house is given the correct information. Perhaps the minister would agree to check with the Department of Treasury and Finance today and then let the house know whether the figure is \$3.5 billion or \$2.5 billion. It seems extraordinary to me that later today we will be debating the appropriation bill, yet on such a

fundamental issue as the level of net state debt we have some dispute about what the figure will be in 2005. I invite the minister, if she could, to take up the issue and get back to the house.

The PRESIDENT — Order! We have had occasions where it has been pointed out that there is a discrepancy between a second-reading speech and a bill before the house. This case is a little more complicated than that because the house also has budget papers before it and shortly, presumably, will be moving to have cognate debate on the two issues.

The minister is in an invidious position because it is not her bill. On the one hand, she has been given a speech by the Treasurer, which she has read in good faith and on which she is entitled to rely. On the other hand, Mr Hallam has pointed out, if I correctly understood what he said, that table 8.4 seems to quote the same formal words but comes to a different conclusion about whether the figure is \$2.5 billion or \$3.5 billion.

All I can do is suggest to the minister that she get further advice on that matter. It will be up to her when the debate comes on whether she wants to make a statement about that. If she is comfortable with the position she has put to the house, no further action need be taken. It will be a matter for debate in the house. I invite Mr Hallam to provide the quotations to the minister. As I understood it, the two items from which he quoted were table 8.4 on page 152 and table 8.7 on page 153. The honourable member could provide them to the minister and the minister can consider whether she needs further instructions. I am putting the matter aside for the moment to allow that action to be taken.

Debate adjourned on motion of Hon. W. I. SMITH (Silvan).

Debate adjourned until later this day.

APPROPRIATION (2001/2002) BILL and BUDGET PAPERS, 2001–02

Concurrent debate

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

That this house authorises and requires the Honourable the President to permit the second-reading debate on the Appropriation (2001/2002) Bill to be taken concurrently with further debate on the motion to take note of the budget papers, 2001–02.

Motion agreed to.

CORRECTIONS (CUSTODY) BILL*Second reading*

Debate resumed from 6 June; motion of Hon. J. M. MADDEN (Minister for Sport and Recreation).

Hon. B. C. BOARDMAN (Chelsea) — This is a relatively straightforward piece of legislation that will not receive any opposition, although I must draw to the attention of the house a presumption in relation to the bill's title. Probably due to a lack of attention to detail the circulated print copy of the second-reading speech is entitled 'Corrections (Custody) Act 2001'. It could be said one could hardly have a second-reading speech when the legislation has already been proclaimed! I bring that small error to the attention of the house and the government so that those who draft legislation ensure such a mistake does not happen in the future. The second-reading speech states, in part:

The Corrections (Custody) Bill provides another example of the Bracks Labor government's commitment to ensuring that the justice system is fair, accessible and understandable.

Is the custody system understandable, fair and accessible at the moment? That does not seem to be the case because in recent weeks there have been no fewer than three serious breaches of custody arrangements, with prisoners escaping from government-run correctional institutions, resulting in alarm to the public and the jeopardising of public welfare and safety. Management techniques, particularly those involving government intervention by the minister, need to be held to account and identified closely.

It is disappointing that on each occasion the government has made no response about the escapes. Perhaps during his contribution to the third-reading debate the Minister for Sport and Recreation will outline to the house where the government stands on the number of recent escapes from custody and whether it is taking additional action to prevent escapes occurring in the future.

The opposition welcomes the bill, which provides an element of commonsense in custodial arrangements, particularly through the establishment of a new form of correctional official called an escort officer. The bill provides that an escort officer will be given a specific task when a person is in transit from one custodial arrangement to another to ensure that any confusion on the definition of powers or responsibilities is identified and, in a legislative format, is approved and acted upon.

The bill also goes further in its benefit to the Victorian community in that it allows a person who has been a

victim of crime to access information on a prisoner's custodial arrangements. Such information could be details on the length of the sentence being served by a prisoner; the date on which the prisoner is likely to be released for any reason, including parole or bail conditions, or a community service release; or details of any escape or escape attempt. The latter situation may seem curious, but the identification of such offenders is relevant, bearing in mind my earlier comments about recent escapes from custody. Although the legislation has not yet come into play it is a matter of professional courtesy for the government to ensure victims of crime are kept informed about escapes and for it to take responsibility on what it is doing about preventing further escapes.

Furthermore, the proposed legislation allows rights for prisoners, particularly for a prisoner to communicate with his or her lawyer, or member of Parliament if necessary, and if they need to communicate on a confidential level with various organisations or individuals such as the Health Services Commissioner, the Ombudsman and the Equal Opportunity Commission.

Honourable members will have become aware in recent weeks of quite disturbing allegations surrounding the transmission or keeping of sensitive information by a prisoner, Julian Knight, who is identified as somebody who committed quite ghastly crimes in Hoddle Street in the late 1980s. His reputation has become part of Victorian law enforcement and correctional folklore.

It is upsetting and totally unacceptable that a prisoner of Knight's history and involvement in crime, and the level of security under which a prisoner such as he would be expected to be placed, is able to keep a considerable amount of confidential records and information on prison staff and, I think, even on other prisoners. The government's response on that example was not pleasing. Perhaps the minister will today outline any response the government may wish to make on Knight's case, particularly when one considers how sensitive that situation is to the victims of the Hoddle Street murders.

A number of victims in the community still have grave reservations about the way Julian Knight has had extended liberties granted. Many find it distressing that Victorian taxpayers have funded extensive and, arguably, inappropriate education programs for him. The revelation that he has somehow been able to keep files on his jailers and officials involved in his initial court proceedings requires considerable action.

The bill also provides a section 85 statement, primarily to provide indemnity for escort officials if they use force against prisoners in transfer situations. It is becoming a regular event for this government to use statements made under section 85 of the Constitution Act to prevent legislation being the subject of judicial review, although in this circumstance it is well and truly justified. From time to time officials under this new classification, because of the nature of their profession, will have to use force to control a situation, and to offer sensible, appropriate and responsive protection to those individuals in the exercise of their duties is quite a welcome position. For that reason the opposition supports the making of the section 85 statement.

A number of questions relating to the bill need to be answered. Predominantly it involves the number of escort officers the government thinks is appropriate. The opposition raises this question not maliciously but quite generally because the term 'escort officer' is new terminology in custodial arrangements and the opposition would welcome the government identifying at some stage how many current employees will be identified as escort officers and whether the corrections commissioner will be appointing new employees to perform this role.

In addition, the cost of the establishment of the new classification of escort officer and whether any initial or ongoing training would be appropriate are issues that have not been canvassed in the second-reading speech or in the bill. A number of obligations and responsibilities are outlined in various clauses in the bill that allow escort officers to perform their roles. Some of those responsibilities are specialised and would require additional skills. I believe it is appropriate in the circumstances that people appointed to those positions would require ongoing training to ensure their level of skill and expertise was up to scratch.

I would like briefly in the time available to touch on the government's general handling of the corrections portfolio, apart from the recent instances I have outlined. In the Victorian budget overview, under the heading 'A safer community' on page 21, the government identifies that there is expected to be long-term growth in the adult prison population. It has committed an additional \$166 million to the system, which by rights should expand the permanent capacity by a further 716 beds. Unfortunately what the budget overview document does not identify is the cost to various communities as a result of prison closures, an issue the opposition has raised and taken to the communities that are most affected.

The opposition places on record its strong reservation about the government's policy in this regard — that it will shift the accommodation burden from one prison to another where quite clearly an upgrading of the facilities at the prison that has been identified for closure would be more appropriate. It creates what I consider to be a difficult precedent for the government — that if it is easily persuaded by a rational argument to close one facility and in preference provide a facility where it might be more politically opportune, that is not in the best interests of the Victorian community. I place on the record that the opposition will be pursuing that matter quite closely and intently and advising the government that its response to date is certainly not in the Victorian community's best interests.

Additionally, to touch briefly on the Auditor-General's June 2001 *Report on Ministerial Portfolios* in relation to the justice portfolio, the only mention in the report that is strictly in the realm of the Minister for Corrections is the ongoing problems at the Metropolitan Women's Correctional Centre, now known as the Dame Phyllis Frost Centre. While historically I may have had arguable reservations about the provision of private prison services, honourable members have to understand that in 1993, when the Kennett government embarked on this policy, with the inefficiencies, the lack of accountability and the lack of operational performance in some of the Victoria's government-run prisons, those prisons were not exactly up to scratch. Therefore at that time the former government went down the path of inviting submissions and tenders from the private sector to provide an alternative model, and that alternative model resulted in the establishment of Port Phillip Prison and also the metropolitan women's prison at Deer Park.

There are quite significant ongoing difficulties at the Deer Park centre, which the Auditor-General has quite correctly identified and which are of strong concern to many honourable members. I must admit it is not something that is completely isolated to private prisons — it occurs in all prisons, and I will make a further comment on that in a moment — but self-mutilations and attempted suicides almost doubled in the period between 1997–98 and 2000–01. Assaults on prisoners by other prisoners and assaults on staff by prisoners have increased considerably over that period as well. Drug testing has remained relatively static, although the number of prisoners now testing positive to drugs is becoming somewhat alarming.

In question on notice 1441 I asked the Minister for Corrections to advise me of the number of prisoners that tested positive for illicit drug use in the 12 months

from 30 June 1999 to 30 June 2000, and a number of other questions in relation to prisoners undergoing treatment programs for drug addiction, and so forth. The results were quite staggering. In excess of 90 per cent of all prisoners are tested for drugs, although I believe that should really be up around the 100 per cent mark for it to be a fair and reasonable assessment. There were 21 694 tests taken in the year ended 30 June 1999 and thankfully that increased to 23 816 in the year ended 30 June 2000.

However, a number of prisoners in the prison system are in drug rehabilitation programs. The amount of drugs in prisons is of considerable concern. It is a serious issue that should not be politicised or used to take credit from one political organisation to another. The issue demands a bipartisan approach.

My suggestion to the government is that instead of making excuses and trying to shift the blame by way of lack of record keeping by the former government, which quite clearly is incorrect, the government might —

Hon. D. G. Hadden — On a point of order, Mr Acting President, I understood we were debating the Corrections (Custody) Bill, not the budget papers. I ask that the honourable member be brought back to the bill.

Hon. B. C. BOARDMAN — I am quite staggered by that completely irrelevant point of order. I am quoting from the answer to question on notice 1441, which relates to prison numbers, custodial arrangements and the drug testing of prisoners, which are not issues in the budget papers. These points are completely within the realm of the bill.

The ACTING PRESIDENT
(**Hon. R. F. Smith**) — Order! There is no point of order. The member is entitled to develop his debate, and he is doing so.

Hon. B. C. BOARDMAN — Thank you, Mr Acting President. I advise the honourable member that I was providing this information with a view to seeking a commonsense approach from the government on this serious issue. If the government is going to persist in playing politics, the opposition will do exactly the same. That approach will not be in the best interests of the Victorian community generally or the corrections system in particular. If that point of order is indicative of the government's attitude to the portfolio, it is extremely disappointing.

There are some quite identifiable and serious problems in the corrections system. The government's response

to those issues, in particular relating to three separate instances involving escapees in recent weeks, has been disappointing. I had hoped the minister would use this opportunity to make available to the house the government's response on these issues, and to advise whether the government is going to embark on any changes in its practices, particularly its management of government-run corrections institutions, to try to alleviate some of the serious issues I have identified, which are generating a considerable amount of public comment.

The opposition does not oppose the bill. It contains a number of commonsense provisions which when implemented will improve and streamline the system.

Hon. D. G. HADDEN (Ballarat) — I support the bill, which is timely and important, especially given the current climate in prisons and their feature in newspapers around country Victoria.

The main purposes of the bill are set out in clause 1, which are, in summary, to amend the Corrections Act — the principal act of 1986 — to make changes concerning the custody and transfer of prisoners; to define the role of a new category of escort officers; to enable the release of information about prisoners to primary victims of crime; to make changes concerning the regime of correspondence into and out of prisons for prisoners; and to make consequential amendments to other acts.

Clause 5 defines the meaning of 'legal custody'. Clause 6A defines 'legal custody' as being from when an imprisonment order is made in relation to a person. The clause defines when a person is in the legal custody of the Secretary of the Department of Justice, and provides that that occurs when an imprisonment order is made with regard to a person and either of the following events occurs: when a person is taken into the physical custody of the Secretary to the Department of Justice, or when another person acting by way of lawful authority of the secretary or a person at a prison acting under lawful authority on behalf of the secretary receives a person into the prison.

A person is deemed to have his or her legal custody under the secretary cease under the provisions of clause 6B, which provides that that is either on the cessation of the person's sentence of imprisonment, or when the person is released from the Secretary to the Department of Justice's legal custody, or in other circumstances set out in that clause.

The powers of persons in charge of prisoners are now defined as powers of escort officers, and the definitions clause of the bill provides that:

... 'escort officer' means —

- (a) a prison officer; or
- (b) an escort officer employed under Part 4 ...

It provides also that:

... 'transport' includes escort, bring, transfer, convey, take and deliver ...

The bill is intended to set out the scope of the authority and obligations of escort officers who are in charge of prisoners outside the prison walls.

Clauses 7, 13 and 15 deal with escort officers. Clause 16 sets out authority for prisoner transfers between prisons and other places. Clause 34 deals with the reporting requirements in relation to prison offences and escort officers. Subclause 34(3) inserts proposed section 5A into section 50(5) of the Corrections Act. The new section provides:

In addition to any action the disciplinary officer may take under sub-section (5)(a), (b) or (d), the disciplinary officer may also take steps to have the matter dealt with under the criminal law.

That section is aimed at addressing operational difficulties that have arisen from a recent Supreme Court case, *Crowley v. Stewart and Others*, heard by Justice Smith in Melbourne, in which judgment was handed down on 9 February 2001. In that case, which involved a judicial review of a prison governor's hearing, the prisoner claimed denial of natural justice.

The first defendant was an operational manager at the Fulham Correctional Centre and the second, third and fourth defendants were also officers at that prison facility. The plaintiff, who was a prisoner at Fulham, sought a judicial review of a decision made by the operational manager of the prison in relation to an allegation that marijuana was found inside a computer in the plaintiff's cell.

The prisoner was found guilty of the charge. He was fined \$40 and deprived of visits from his wife and family for some months. He was found guilty in October 1999 and the judgment was delivered in February 2001. By the time the matter was heard in the Supreme Court the suspension of the prisoner's visitation rights had been well and truly dealt with and could not be revived.

The case related to section 50 of the Corrections Act, which contains a mandatory requirement that an officer

must, after becoming satisfied that a prisoner has committed a prison offence, record it in the register of offences before taking action. In this case the person who laid the charge had not registered the prison offence in the register of offences. Under section 50 the steps that may be taken after an entry is made in the register of offences include charging a prisoner with a prison offence or taking steps to have the matter dealt with under the criminal law.

The judge in this instance found that a number of acts and omissions had occurred that involved non-compliance with the provisions of section 50. Accordingly, the judge found that the prisoner had been denied natural justice and the charge was struck out. The difficulty was that as a result of the failure to comply with the requirements of section 50 relating to prison offence procedures, the prison no longer had available to it the choice of going down the criminal offence path.

Another important amendment in the bill relates to primary victims of crime obtaining or seeking to obtain information about a prisoner from the Secretary of the Department of Justice. The criteria for release of such information are contained in proposed section 30A to be inserted by clause 29. The proposed section is certainly not a carte blanche enabling all primary victims to simply write to the secretary of the department seeking information about a prisoner. It is very specific, as it should be. Subsection (2) of proposed section 30A states that:

The Secretary may, on the written request of a person who was the primary victim of an offence for which a prisoner is serving a sentence of imprisonment, give the person making the request some or all of the ... information.

Three subsections then set out the information that can be sought about a prisoner's sentence: the date of release, including the circumstances of release such as custodial community permit, parole or bail, and details of any escape by the prisoner from the legal custody of the secretary. Importantly, subsection (3) states that:

The Secretary must not disclose the information if the Secretary reasonably believes the disclosure of the information might endanger the security of any prison or the safe custody and welfare of the prisoner or any other prisoner or the safety or welfare of any other person.

In my 16 years of legal practice in the Ballarat region I had experience of only one primary victim seeking information about the release of her abuser. That was a very difficult matter that involved the primary victim receiving new identification. It was very important psychologically and emotionally for that victim to know when the convicted criminal was to be released,

so that measures could be put in place for her safety to ensure she would not again be victimised by the prisoner.

Clauses 32 and 33 provide for a comprehensive scheme for dealing with prisoners' mail. The scheme deals with the manner in which letters to and from prisoners are to be handled. Confidentiality of communication is respected while ensuring the security of the prison and the community as well as the prisoner.

I will leave other aspects of the bill to those who wish to read it. It contains two section 85 statements under the Victorian Constitution Act. Those two statements relate, firstly, to proposed section 55E to be inserted in the Corrections Act, which provides immunity for escort officers to enable them to use reasonable force, and secondly, to an amendment to section 9CB, which relates to the use of reasonable force by staff in prisons and jails and during transport, by substituting a reference to section 11(7) with a reference to part 1A of the act.

I shall conclude my contribution at that point and commend the bill to the house.

Hon. P. R. HALL (Gippsland) — I welcome the opportunity to make a few brief comments on the Corrections (Custody) Bill.

Hon. Bill Forwood — Have you got lots of prisoners down in Gippsland?

Hon. P. R. HALL — We have even fewer now. In making those few comments, I indicate that the National Party will not oppose the bill.

As has been said by the two previous speakers, this bill contains a suite of commonsense amendments to the Corrections Act in three main areas. The first relates to the custody and transfer of prisoners, including the creation of a new position called an escort officer. Certain parts of the bill define the role of those officers.

The second main area enables the release of information about prisoners to certain victims of crime. The third main area introduces a new regime to deal with the checking of mail sent to and received by prisoners.

I will comment firstly on the creation of the position of escort officer. Escort duties are normally performed by either prison officers or police officers. Under the bill, people appointed to the new position of escort officer will be trained specifically to escort prisoners between their place of imprisonment and the courts or from police cells to courts or to prisons. That is a good thing

because at the moment too many of our police and correctional officers are tied up in the transportation of prisoners. The provision of escort officers will release prison officers and police officers to perform the duties for which they are trained, and the system will be the better for it.

The move to have public servants do some of the administrative work in police stations has been helpful because it releases police officers to provide policing services to the community. However, too many police officers perform the work of prison officers by having to maintain and keep an eye on prisoners kept in cells in police stations around the state. Yesterday I learnt from a conversation with one of my local police officers that at least two of the towns near my electorate office in Gippsland are handicapped in the extent to which they can provide policing services to the community, because the stations in both of those major towns in the Latrobe Valley are holding prisoners in police cells for inappropriately long terms. That is not good enough. Victorian prisons do not have the capacity they require, and our good resources are being tied up by police officers having to sit and watch, provide meals and care for people being held inappropriately for long periods in police cells.

I add to that my great frustration and anger that the government is now closing prisons in Victoria, which will make the situation worse. During the budget debate I commented extensively on the proposal to close Won Wron prison in Gippsland some time during the next two or three years. I pointed out the ludicrous nature of that decision, given the great need for more corrections positions in Victoria. Nevertheless this government proposes to close two prisons in the regional areas of South Gippsland and Bendigo. That will add to the problems of having police resources tied up because police officers have to look after prisoners who are being inappropriately held in police cells instead of in prisons.

I welcome the new position of escort officer as is defined in clause 15 of the bill, along with the functions of that position. I hope the new escort officers will relieve some of the burden of escort duties which currently falls on both police officers and prison officers.

Clause 29 provides that victims may be given certain specific information about a prisoner, such as the length of the prisoner's term, the date on which a prisoner is likely to be released and whether it is to be a day release or a release on parole. That is a sensible provision, because those victims of crime whose lives

have been affected by the crime committed against them have a right to have such information.

Clause 33 changes the provisions relating to the checking of mail sent to and received by prisoners. I learnt something by reading that clause; I now understand better the process involved in the sending and receiving of mail by people held in custody. As is stated in the second-reading speech, it is important that the right of prisoners to communicate confidentially with people such as lawyers, members of Parliament, the Ombudsman, the Human Rights Commissioner and the Health Services Commissioner is kept intact, but the bill also sets out a process by which other sorts of mail sent to and by prisoners can be appropriately checked.

I have no further comments to make on the bill. As indicated, they are commonsense provisions that are welcomed by members of both the opposition and the National Party.

My comments in the main were directed towards the creation of the position of escort officer, which is welcomed. However, I ask the government to consider the waste of police officer resources, particularly in country towns, in looking after prisoners held in police cells for long and inappropriate periods. I ask the government to address that issue as a matter of urgency.

Hon. ANDREW BRIDSON (Waverley) — In speaking on the Corrections (Custody) Bill, I support the comments made by my colleague the Honourable Cameron Boardman and put on the record that the opposition does not oppose the bill. It is clear from reading the bill and the second-reading speech that the performance of the duties and responsibilities of the new position of escort officer will enhance the operation of the corrections system.

I endorse the comment made by the Honourable Peter Hall on the role of police in supervising prisoners. Prisoners should not be in police cells; that seems a gross waste of police resources. It is hoped that the government will see fit to resolve the situation. I am advised that currently some 214 prisoners are occupying police cells. These people ought not be there; they ought to be serving their sentences within the prison system.

The public, prisoners and the families of prisoners should have confidence in the prison system, and the operators, whether they be government or private, should have clear and precise guidelines on how to run the prisons. I believe this bill will go a long way towards satisfying all concerned.

The bill repeals section 4 of the Corrections Act. The only issue I raise relates to clause 5, which inserts proposed part 1A into the act. It identifies that a person is in the legal custody of the secretary of the department when an order of imprisonment is made, and it defines when the legal custody of the secretary ceases, persons not regarded to be in the secretary's legal custody, when a person is in the legal custody of the Chief Commissioner of Police and when the legal custody of the chief commissioner ceases. It also states that the powers of the court or tribunal are not to be affected.

An issue is of concern to me. I am not sure whether the minister can respond to it today. Perhaps he can take it on notice and respond to it when the bill dealing with home detention comes before the house. It is not clear to me from reading proposed part 1A whether a person who is under home detention is a prisoner or is in the legal custody of the secretary. I seek some clarification on that matter. I have no further points to make. As I said earlier, the Liberal opposition does not oppose the bill.

Hon. R. H. BOWDEN (South Eastern) — I want to speak briefly on the Corrections (Custody) Bill. The opposition does not oppose the bill. As has been said by previous speakers, the arrival of the new class of officer, escort officer, in this context is welcomed.

Because of the difficulties that have arisen in the electorate I represent I believe the use of escort officers to convey and supervise prisoners is a good thing. On many occasions over the years police resources have been stretched beyond the point that is acceptable. The use of escort officers will alleviate the need to use police officers, who often have far more important things to do than escorting prisoners.

The clarification of custodial phases and documentation is also a welcome and positive move, because it makes clear the rights and responsibilities of both the prisoners and the people who are responsible for their safety and supervision.

That the bill delineates and clearly defines victims' rights is a substantial improvement. Clause 29 refers to specific information that can be provided to primary victims. That will be a source of comfort to many primary victims, as it will provide them with knowledge that I believe is important to their recovery. In the past some victims have suffered quite traumatic experiences with certain prisoners. The information is relevant to the specific cases of some victims.

The bill adequately defines the system to be employed with correspondence, and well and truly covers the

protection of prisoners' rights. It is an improvement to the system that has existed in the past, and I expect it will operate quite well. I have read the bill's provisions setting out what correspondence can be protected as confidential and what can be reviewed. The goal of the provisions is to protect the interests of both the community and the prisoners, and I think they have been done well.

The bill's main aims include clarifying the necessary documentation as to the responsibilities, supervision and protection of prisoners, which is a good thing. I also welcome the introduction of the new classification of escort officers and the clear definition of how those officers will be appointed and will operate. It is important that the bill include the statutory protection of escort officers where reasonable force is used by them. It will ensure that they are not diverted and intimidated by vexatious litigation. Provided the escort officers use reasonable force in the context of the bill, they have the general appropriate protection.

In conclusion, I point out that I would like to see the early arrival and use of escort officers so that police officers in South Eastern Province may be released to do policing duties.

The ACTING PRESIDENT
(Hon. R. F. Smith) — Order! I am of the opinion that the second reading of this bill requires to be passed by an absolute majority. I ask the Clerk to ring the bells.

Bells rung.

Members having assembled in chamber:

The ACTING PRESIDENT
(Hon. R. F. Smith) — Order! In order that I may ascertain whether an absolute majority has been attained I ask those honourable members who are in favour of the motion to stand where they are.

Required number of members having risen:

Motion agreed to by absolute majority.

Read second time.

Third reading

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

That this bill be now read a third time.

I thank the Honourables Cameron Boardman, Dianne Hadden, Peter Hall, Andrew Brideson and Ron Bowden for their contributions. Opposition members raised a number of issues. While I am not at this time

able to inform honourable members of some of the information that has been requested, I will undertake to take those issues up with the respective minister and seek his cooperation in providing them with that information.

The ACTING PRESIDENT
(Hon. R. F. Smith) — Order! As I am of the opinion that the third reading of the bill requires to be passed by an absolute majority, I ask honourable members who are in favour of the motion to stand where they are.

Required number of members having risen:

Motion agreed to by absolute majority.

Read third time.

Remaining stages

Passed remaining stages.

STATE TAXATION ACTS (TAXATION REFORM IMPLEMENTATION) BILL

Second reading

Debate resumed from 12 June; motion of Hon. C. C. BROAD (Minister for Energy and Resources).

Hon. D. McL. DAVIS (East Yarra) — The opposition does not oppose the State Taxation Acts (Taxation Reform Implementation) Bill, but I want to make a number of important points about the bill. In essence, the bill follows a process of public discussion about business taxation and it aims to implement the government's policy decisions that flowed from that process. The bill changes payroll tax arrangements, land tax arrangements and stamp duties, and increases the gaming machine levy from \$333.33 — and honourable members will recall that that levy was passed in this house not so long ago — to \$1533 per machine. In a widespread advertising program the government has claimed that the business tax changes are lower, simpler, and better. In fact, they are none of those: they are not lower, they are not simpler, and they are certainly not better.

The State Taxation Acts (Taxation Reform Implementation) Bill represents lost opportunities for Victoria. The government has failed to understand the imperative of proper business taxation arrangements. It has failed to understand that appropriate taxation arrangements are necessary to position Victoria for future economic growth and leadership internationally, nationally and within our region.

The federal government has been prepared to make a series of important taxation changes which, as with any large change, will involve some implementation issues but which will historically change Australia's taxation arrangements. It is great pity that the Bracks government and the Treasurer have not been prepared or had the courage to make satisfactory taxation changes to position the Victorian economy for the leadership it so richly deserves, a leadership that it strongly held over the past seven to eight years before the change of government. In that time we saw significant economic growth, massive growth in business investment, and the Victorian economy acting as the motor or the locomotive of the Australian economy. That has been lost.

The bill amends a number of acts: the Casino Control Act 1991, the Duties Act 2000, the Gaming Machine Control Act 1991, the Land Tax Act 1958, the Pay-roll Tax Act 1971 and the Stamps Act 1958. It is interesting to examine the bill and look at the process by which it came to this house. The Harvey review of business taxation was a good idea in principle. However, there were a number of flaws in the Harvey recommendations which became clear to the Victorian business community.

Hon. D. G. Hadden interjected.

Hon. D. McL. DAVIS — I note the Honourable Dianne Hadden is surprised to hear me say there were flaws in the package recommended by the Harvey review. I have not heard Ms Hadden support the Harvey review in its entirety and I would be surprised if she, or the people she represents in Ballarat Province, would have supported the recommendations of the Harvey review as it was put out.

Hon. D. G. Hadden — It was an independent review.

Hon. D. McL. DAVIS — It was an independent review, but that does not mean its recommendations have to be accepted. The view of the broad community was that the report was flawed in a number of ways.

The introduction of a wide, flat rate land tax at 2.89 per cent, which was the central recommendation of that review, would have had a devastating impact across the small business community and I would be very surprised if Ms Hadden were able to find great support in Ballarat Province for that proposal. I certainly did not when I went doorknocking in Ballarat Province. I found not a single business that supported the flat rate —

Hon. D. G. Hadden — It was a wide-ranging report that can't be looked at in terms of just one aspect.

Hon. D. McL. DAVIS — It was a wide-ranging report, and the central revenue proposal to raise a good share of the revenue the government would have needed was driven by a 2.89 per cent flat land tax rate. Ms Hadden's constant support for a flat rate land tax is something people in Ballarat Province would be surprised and disappointed to hear.

Hon. D. G. Hadden — It was broad ranging.

Hon. D. McL. DAVIS — It was broad ranging, but there was a central revenue-raising function, and people in Ms Hadden's province would be disappointed to hear her support that view.

The central point is that the proposals the government introduced do not result in lower taxation. The payroll tax changes lead to a slight increase in the threshold, but fundamentally, with economic growth — of which there will still be some, even under the Bracks government — many businesses will move from the current payroll tax threshold, within the period of changes outlined in the bill, to the new tax threshold. I strongly argue that more land tax and payroll tax will be collected. Even last weekend the Real Estate Institute of Victoria was making a number of significant points about business taxes, claiming that within Australia, Victorian stamp duties are among the highest, and probably the highest, in the country.

The Treasurer tried to argue that that was not the case because of off-the-plan exceptions. I think that is a bit of sophistry; the fact is that individuals who buy properties established in Victoria pay the highest rate of stamp duty in the nation. The comments in the media on the weekend by Valda Walsh and the real estate institute make the point very clearly that these issues were not adequately addressed by the Harvey review nor by the Treasurer when he made his policy decisions about the recommendations and where business taxation would head in Victoria.

The fact that so soon after the review a major industry is making significant comment about problems with the business taxation system leaves no doubt in the community's mind that business taxation is an issue. It has not been dealt with adequately by the Harvey review or by the government, and significant sections of the Victorian business community are concerned to see that Victoria is not disadvantaged by the process as we move forward.

I do not believe the review consulted widely enough or that it obtained a real understanding of the essence of the call by business for lower, fairer and simpler taxation. The government does not understand this

matter sufficiently. I am sure many of the bureaucrats do, but I do not believe the government understands business taxation sufficiently well.

I bear no ill will at all to the people involved in that review. I disagree with some of its recommendations but that does not mean I have any question at all about the propriety or intelligence or goodwill of those individuals who took part in that review. I have a high level of respect for those people, and I believe they went about their work in a sincere way. But it does not mean they came to the right conclusion. Having said that, I found it most surprising that at the end of that process the Treasurer saw fit to bypass the review's recommendations completely and to appoint a consultant. This is one of the most surprising parts of that process. For \$250 000 a consultant was employed to review Victorian business taxes. A Treasury document headed 'Contracts publishing system' states:

Specialist tax advice as required for the review of state business taxes. It was considered inexpedient and impractical to seek public tenders for this service. Appropriate certification was obtained from the accountable officer as required ...

This contract was for \$250 000, expiring on 30 June, but I understand that it was let in that period following or very close to the release of the Harvey review. This is a second review, a second guessing of what Harvey was saying, and of the whole process, and I find that that expenditure, without tender, is extraordinary.

It is unclear to me whether the Treasurer had some deficiency within the department. I would be surprised about that as I know many officers in the Department of Treasury and Finance who are of the highest quality. I find it surprising that he would need to seek that advice in the window around the release of the Harvey review. But clearly he did feel the need to second-guess the public processes and second-guess that Harvey review, to craft some further package which later became the package we see before us today in the State Taxation Acts (Taxation Reform Implementation) Bill.

I place on record my concern at the way that contract was let, the need to let it, and the issue it raises about the ability of the Treasurer to interact with an independent review and with the business community in a broader way. There was certainly representation to government, as there was to the opposition, from a wide range of organisations and individuals.

The end result is that we have a deficient package — a package which increases taxation and does not provide the right mix of signals and incentives for business. I will come to the gaming aspects in a second, but this is

a package that has left major industry groups concerned.

Hon. Jenny Mikakos — Rubbish!

Hon. D. McL. DAVIS — They are. The Real Estate Institute of Victoria was out on the weekend complaining about the fact that stamp duty in Victoria is the highest in Australia. That is a fact.

Hon. Jenny Mikakos — That is not correct, as you yourself noted with off-the-plan concessions.

Hon. D. McL. DAVIS — It is actually a fact. If a person buys an established house they will pay the highest stamp duty in Australia. The institute has every right to say that the government failed it on this issue, and it is not the only industry that can make fair complaint about this bill. More broadly, the bill has not sent the right signals and it has not resulted in lower taxation, which was the government's key aim. The government set out to provide a simpler, better and lower taxation regime for business, and it has not done that.

The gaming machine levy has set new precedents. I am neither a user nor a supporter of gaming machines. Anyone in my electorate with whom I have corresponded, whether from church groups or other groups in the community, would well understand that I have no time for that industry. However, I believe strongly that where contracts are let they should be honoured. This is a significant change in arrangements for these companies that set up business in a fair way in Victoria under the Kirner and Kennett governments, and it has been foisted upon them. It raises a question of sovereign risk. This significant change in taxation arrangements has been made in a capricious way, and I do not support the way this was tackled. It appears to me to be one of the more capricious steps of this government.

It is interesting to note the shift in gaming revenue that has occurred under this government. I know that a significant issue brought forward in a public forum I held in Ashburton a week or so ago was the gaming industry and the impact of gaming on the community. I accept that there are two sides to this story and that taxation has an impact on the industry and may, in a paradoxical way, have some social benefits. However, having said that, I know there is the issue of industries that have set up under particular ground rules facing capricious changes by government.

I note the article written by Tim Costello and Royce Miller that recently appeared in the *Age*, which drew close attention to the government's increasing reliance

on gaming revenue. These gaming revenue rises will dwarf any rises seen under previous governments. I am sure other speakers will have something significant to say about that in this debate. I place on the record the ongoing concern of the community about the impact of gaming, and I want to ground that concern in my electorate. I know that people in my electorate are far from happy with the prospect of seeing more poker machines in our area. Having said that, I believe the industry is one where people have choice and are able to exercise that choice. I believe in the freedom of people to participate in the forms of entertainment that they choose.

I want also to say something about petrol pricing. Business has put to me very strongly the need for the state government to look at the share of revenue flows it derives from petrol excises, indirectly and from the GST component. There is no doubt about that.

However, I return to the central point, which is that this bill represents a failure by the government — a failure to send out the right signals to the investment community and a failure to stem the business closures and the job losses. I am happy to ground that failure in my own electorate and look at a group like Arnott's Biscuits. While no particular or small or incremental change would have prevented Arnott's from moving, I believe the government could have provided a more satisfactory business environment and engaged more directly with Arnott's to prevent the loss of that significant source of investment and jobs in the Victorian economy. That is a very good example of the need to deal with these issues.

In many respects New South Wales has gone further than Victoria. The bank accounts debits tax is to be removed at an earlier point in New South Wales than is to be the case in Victoria.

Hon. Jenny Mikakos — What is your party's policy on that?

Hon. D. McL. DAVIS — Our party's policy is that we would like to know why you did not do that.

The ACTING PRESIDENT

(**Hon. R. F. Smith**) — Order! Through the Chair, Mr Davis.

Hon. D. McL. DAVIS — The matter of the bank accounts debits tax was discussed at great length in a recent Public Accounts and Estimates Committee hearing. The shadow Treasurer engaged the Treasurer on this matter, and in my view the Treasurer failed to give a satisfactory explanation of why the Victorian government cannot match what has happened in New

South Wales. The point is that this is another example of a signal being sent to the business community that the Victorian government is not serious about business investment and that it is not serious about positioning Victoria so that it is competitive with states like New South Wales. That is a significant concern.

I also raise some concerns about the special treatment provided for Australian Football League clubs. I will be interested to hear the government's precise explanation of that issue. If the house had more time it may have examined this in more detail at the committee stage, but there are specific questions about not-for-profit institutions that may incur similar costs through salaries and payroll taxes. I would be interested to hear how other not-for-profit organisations with large payroll tax bills will be treated vis-a-vis AFL clubs, which appear to have been given a particular arrangement. I am not criticising the arrangement, but I make the point there is a question about that vis-a-vis what is provided for other organisations.

The government ought to have brought forward its taxation reductions to apply from 2003. Given that every year more taxation is collected and that the rate of taxation is growing faster than the Victorian economy, the government has plenty of scope to bring forward these taxation arrangements. The government is already slow in bringing forward some business tax relief.

I could talk at great length on this bill, but I am conscious that the house has considerable business before it. I reiterate the point that the government has not provided a better, simpler or fairer taxation system. It has failed in its central reform task. It has not sent the right signals to the business community, both within and outside the state. That will be a further cause of Victoria slipping as a choice site for investment compared with other states and other centres in the region. I am greatly disappointed in that failure of the government.

Hon. R. M. HALLAM (Western) — I report that the National Party does not oppose the State Taxation Acts (Taxation Reform Implementation) Bill. It takes that reasoned view on two separate grounds.

The first ground is that the bill delivers taxation changes in the budget, and as the National Party will not oppose the budget, it will not come as a surprise that the issue of consistency would be the first ground on which it will allow the bill to pass. The second ground is that the National Party has been persuaded that on balance the changes represent at least some taxation relief across the Victorian community, particularly, we note, at the smaller end of enterprise. It

would be churlish for my party to do other than acknowledge those reductions and embrace the package.

However, the National Party is concerned that the net effect of the bill does not quite match the rhetoric. I shall comment on some of the obvious differences between what is claimed on the one hand and what is delivered on the other. The community is told that the bill contains the government's Better Business Taxes package with lower, fewer, simpler taxes and, like the Honourable David Davis, I go back that one step to note the contribution of the Harvey report and the extent to which it represents the genesis of the bill being debated today.

The government committed itself to undertaking a far-reaching review of business taxes across the state. I commend the government for that decision and I am happy to put on the record that I support the role and performance of the Harvey committee. It did a top job, particularly given the brief it was handed, which was fairly tough. It was told there was a start-up premise of taxation savings of \$400 million and then the committee was sent off to do its work without too much by way of parameters. The Harvey committee responded well to that open-ended brief and the case it mounted was logical and well articulated. Indeed, like the Honourable David Davis, I have been known to describe it as courageous, because it certainly came up with some far-reaching strategies.

It is pertinent to note, given that the Harvey committee report prompted the bill, that we should go back and borrow something from the overview offered by the committee. I do not intend to quote it at length, but it is absolutely relevant to note its overview, in which the committee states in part:

In preparing for its future, therefore, Victoria needs to be smart about its system of state taxes. These taxes need to promote new and productive industries over declining and unproductive industries. They need to encourage capital formation and re-formation and to facilitate the optimum deployment of scarce investment resources. They need to promote wealth creation and value so that employment can be maximised.

The taxes that Victoria has inherited are not fully conducive to these ends.

It goes on to say that some represent a disincentive to capital formation, some have unintended consequences and some, indeed, are positively under exploited.

The overview also made the point, as was repeated by the Honourable David Davis, that business people should understand the tax system and should be entitled

to expect that they not incur great legal expense to find out how they should comply.

At the end of that overview the committee said, and it goes to the issue that is currently before the chamber:

It is therefore critical that Victoria's tax system be radically simplified now.

That is a fair summation of the circumstances confronting the committee. My first comment would be, against that background, that the bill becomes a pale reflection of the Harvey recommendations. What the Harvey report said was that we should abolish all stamp duties; urgently reduce payroll tax; convert all motor vehicle taxes to a single annual payment; scrap the fire services levy and replace it with a charge on all rateable property, and fund that package from a low flat rate threshold-free land tax — and the committee recommended what that flat rate tax should be. It recommended that it be 2.89 per cent of the unimproved capital value of each property and that part of that package could be funded from a charge on the 'super' profits being enjoyed by the operators of electronic gaming machines in this state.

The bill does not look anything like the Harvey report recommendations. It is a pity that it got so hot in the kitchen, particularly when people started working out what the increase in the flat rate on land tax actually meant. For a start, there was to be a whole slab of additional unhappy campers, those who would be caught by land tax for the first time; and those who were paying land tax at the lower end of the scale saw the biggest increase in the rate that applied to them.

The natural conclusion, particularly by the public media, was that this change favoured the big end of town, and that did apply. I am suggesting that it is a pity, at least in some respects, because a flat rate is much fairer than the progressive rates that currently apply. Those rates vary so dramatically that the government has had to come back again and again to try to contend with the terrible complications of aggregation. That is by way of background.

The one issue on which I have disagreed publicly with the findings of the Harvey report is that it was politically naive to suggest a shift to a flat rate at that level in one fell swoop. That was undeliverable in political terms. I am amazed that there was no suggestion that the general policy shift be phased in, because over time it could be delivered and the advantages seen by the entire taxpayer base.

At any event, Labor ran the veritable mile. After all the talk, what it does to me is underscore that it is harder to

achieve changes in government than it is to snipe from the sidelines in opposition.

Hon. W. R. Baxter — Sooner or later they have to take the tough decisions, though!

Hon. R. M. HALLAM — Sooner or later they have to take a decision, and every time a decision is taken there are winners and losers. The tradition is that the winners all go home smugly and the losers scream their heads off — probably to the nearest member of Parliament — but someone has to take the big picture into account because that is the role of government. In this case the government has taken the easy way again.

The bill is just the remnants of the Harvey report recommendations, and I want to look at those remnants. Firstly, the package is said to provide tax cuts of \$774.3 million. The \$0.3 million is important because it is quoted in some instances and not in others. In a later debate I shall come back to demonstrate why that \$0.3 million is important. To examine the claim that these tax savings are to be enjoyed by Victorian taxpayers one must look at table B20 at page 273 of budget paper 2. As an aside I point out that, if one uses that chart, the first thing to note is that the claimed tax savings do not add up to \$774.3 million. Somebody has forgotten to take into account tax savings in respect of the year that is about to finish on 30 June. I am surprised that that saving has not been included in the package.

Leaving that to one side, over the four years that those savings of \$774.3 million have been claimed it is also painfully obvious at first glance that the bulk of the savings is in the last year, 2004–05. That is not surprising if one takes into account the way the computations are employed.

Hon. D. McL. Davis — Or the political cycle!

Hon. R. M. HALLAM — We may come to that, because that is an interesting aside. We read that only \$100 million of the claimed \$774.3 million is to be ostensibly delivered in the year 2001–02. That is derived in the main from a shift in the payroll tax rate from 5.75 per cent of salary back to 5.45 per cent of salary. I also acknowledge that the legislation includes a second rate cut from 5.45 per cent to 5.35 per cent. As with the first cut, we would applaud the government and celebrate the reduction in payroll tax. I do not think we would find one person in captivity who would be a supporter of payroll tax. Long before I entered this chamber I was a severe critic of the concept of payroll tax. It seems illogical to impose a tax on the very people — the potential employers — who are in the

best position to trade us around our economic ills — that is, by creating employment. But I leave that to one side.

Honourable members should rejoice that the payroll rate is to be reduced by the Labor government from 5.75 per cent to 5.45 per cent. If I were magnanimous I would also rejoice in its reduction from 5.45 per cent to 5.35 per cent — except that we have not got there yet! It is an interesting aside that we have to wait until 1 July 2003 — that is, two years down the track! We are also told — hurrah! — that the threshold will be increased from \$515 000 to \$550 000, but it, too, will apply only from 1 July 2003.

Hon. W. R. Baxter — And, no doubt, will be trumpeted in next year's budget.

Hon. R. M. HALLAM — I am sure it will be. Apart from whether the reduction will be trumpeted in the next two budgets, my next question is: how much of it will be eroded by inflation? If we are to start passing legislation that has an effect 2, 3 or 4 years down the track, why would we presume the circumstances would be the same? What is it that would tempt a government to want to pass legislation with a start-up date several years down the track? That is a very interesting question! I do not know whether a precedent exists. I may be wrong, but I have not come across this scenario during my political career. Why would a government want to tell the story so far in advance? If this claim is legitimate then it becomes somewhat presumptuous — that is as modest as I can make my criticism — because by definition it will not come into operation until after the next election.

Hon. Jenny Mikakos — We'll still be here.

Hon. R. M. HALLAM — I am happy to have the interjection by Ms Mikakos on the record. However, I cannot remember a government in captivity that was prepared to introduce legislation that by definition must have its effect beyond the date of the next election.

The question is salient: why would a government today want to pass legislation that it knows will not have an effect until after the next election? You could say that this is one way of a government demonstrating its bona fides that, 'It is not an open-ended promise and here is the suggestion of our goodwill and our determination'. Does the government crave credibility that much? That provision bends the boundaries of rationality. I do not know whether there is any precedent; maybe I am wrong, but I have never heard of that sort of principle in the past. That is the first feature. Victorians will get that

magical \$774.3 million over four years but they will have to wait until the fourth year to get the bulk of it.

The second feature of the provision is that the major part of the savings is claimed to flow in a reduction in the payroll tax rate. If one is prepared to add up the claimed savings, which happen to appear at the top line of that chart, the government is expecting \$699 million of savings over four years. The first thing to be noted about that is that there has been an expansion of the definition of payroll during that period to include fringe benefits and certain termination and specified leave payments. For the record, that claws back about half of the \$699 million claimed savings.

Hon. W. R. Baxter interjected.

Hon. R. M. HALLAM — It is tricky, because on the one hand the government says it can reduce the rate and will brag about it to its counterparts interstate but on the other hand and at the same time it is pulling more salary into the definition on which payroll tax is levied. I would like to see a government honest enough to do a comparison with the definition of salary at the same time as it brags about the rates applied to salary. The second feature is that half is immediately clawed back.

The third feature is the absolute doozey. I describe it as double-counting. I have seen some tricky accounting principles in my time, and I am sure it would not cause the house any joy for me to make the point that most of it came from the last time Labor was in government. The \$774.3 million that is claimed to relate to the out years actually includes the accumulated savings on each year up to that point. If you look across the top of the chart, in the first year the savings figure is \$127 million, in the next year it is a bit more because it includes the \$127 million and in next year it is a bit more again. The first year has been counted four times! No wonder substantial savings can be demonstrated. An interesting definition of savings is inherent in that chart.

Hon. W. R. Baxter — Why don't they count it ad infinitum?

Hon. R. M. HALLAM — Mr Baxter makes a good point. If the government is interested in savings, why not take it out over even more years and the savings would become fantastic. The government would be able to say, 'Look at what we have saved you'; and if that thinking is followed to its logical conclusion payroll tax can probably be abandoned altogether!

Hon. C. A. Furletti — In 20 years.

Hon. R. M. HALLAM — Maybe 20 years or even 30 years. The government could say, 'How magnanimous can we be with all those magnificent savings?'.

Hon. W. R. Baxter — It sure is Joan Kirner stuff.

Hon. R. M. HALLAM — Yes. Most of the savings relate to the out years and most represent double-counting from the years in the interim, but we have not got there yet. The world may well change.

I have a good reference to demonstrate how it may change. Honourable members will recall the Keating l-a-w tax savings of a few years ago, admittedly at the commonwealth rather than the state level. It becomes even more interesting because with all those savings one would expect the take from payroll tax would decline, but it does not. The government's own figures in budget paper 2 show it expects the increase to be 2.5 per cent, but if you go to budget paper 3, which has a summary of the consolidated fund, the government expects payroll tax in the year we are about to start to increase by 5.4 per cent.

I know there will be some eyebrows raised about my using those figures because the government depicts the consolidated fund as using last year's budget and this year's budget — and perhaps last year's budget figures should be adjusted. I would be happy to do that but the revised figures are not provided. On the figures provided, the government is suggesting that it expects an increase of 5.4 per cent compared with its position 12 months ago.

The National Party is pleased about the payroll tax cuts and applauds the government for reducing the rate from 5.75 per cent to 5.45 per cent from 1 July this year — in other words, in a fortnight's time. But I am a bit bemused, to say the least, by the proposed legislation including a rate to apply from 1 July 2003. I also note that about half the savings is clawed back by changes to the definition of payroll. I absolutely dismiss the theory that the notional savings in year 1 should be added to the notional savings in year 2 and then to year 3 and then to year 4 because that is just too cute for words.

I note that payroll tax from 1 July this year will be applicable to all moneys that are subject to commonwealth income tax. I am happy to say that that makes very good sense because some of the termination payments that were previously excluded will be captured in the definition. I have no argument with that at all. However, I would not go quite as far as the government does in claiming that the inclusion of those payments will assist taxpayers to assess their

liability and reduce compliance costs. I think that is a bit over the top. But I acknowledge that there is some logic in including those payments.

If — and I emphasise ‘if’ — fringe benefits are to be subject to payroll tax, I am not persuaded by the exemption to be granted to sporting clubs. The Honourable David Davis also mentioned this in his contribution, but I take a slightly different view. If we are to include fringe benefits in the definition of salary and apply payroll tax to it, I do not want this sort of half-baked alternative that is included in the bill. It should be one thing or the other. My alternative would be to say that if it is to be in, let us make it in and give everybody 12 months notice so they can structure their arrangements accordingly. To simply bring in this fifty-fifty outcome to exclude some sporting clubs on the basis that they have currently got a structure of salary that would see them disadvantaged in my view is no way to write the rule book across the state.

As I said, we could get a much better outcome if we put people on notice and told them what the game rules would be down the track. I have a classic reference for telling people in advance. This is the same government that in the same bill actually tells us what the payroll tax rate is going to be from 1 July 2003. So what is the difficulty in telling taxpayers and those who happen to be disadvantaged by a particular shift in policy what the game plan is going to be further out as well?

Finally, on payroll tax I am pleased to see the threshold increase from \$515 000 to \$550 000. But I will restrain my joy on this issue because we are not going to get to see it until two years down the track.

Hon. R. A. Best — Not just yet.

Hon. R. M. HALLAM — Not just yet. As I said, it might well be eroded by a shift in salaries. Again I raise the question mark about the principle of legislation being related to future budget periods.

I move now to the issue of land tax. I note at the outset that none of the specific recommendations of the Harvey committee has survived at all. There is no flat rate of land tax and no deletion of the threshold. The government has in fact gone in the opposite direction and actually lifted the threshold — in this case, from \$85 000 to \$125 000 property value tax free. We note that that will apply in the 2002 calendar year, from the start of next year, and we also acknowledge that that will have an impact upon the budget year that we are about to commence from 1 July. That is very welcome relief and is warmly supported by the National Party. It was the one major disagreement we had with the

Harvey committee, and I am on record as suggesting that the Harvey committee got it wrong in respect of that threshold.

There is a very powerful argument in our view that says the threshold is appropriate because that means there is at least some relationship between the yield from the tax and the cost of administration. If there is no threshold, that means that everybody without exception is caught up in the net, and some of those will be very small property owners. The cost of administration will be simply inappropriate as compared to the yield of the tax. There is a really powerful argument that says we should have a threshold if for no other reason than to make the taxes practical.

I turn briefly to the issue of stamp duties because this bill has one very important initiative in respect of stamp duties. It abolishes the stamp duty on non-residential leases from 26 April this year, presumably as from the date of the announcement. The National Party supports that amendment because again it offers some relief. We also support the right to refund where that can be demonstrated as appropriate in respect of the unused portion of a surrendered lease.

The National Party is also supportive of the mechanism contained in the bill which is designed to prevent manipulation of that refund provision. To me that is a very practical feature of the bill. Our only concern is with the announcement. I refer the house to a document that goes to the issue that I want to highlight.

The document is headed ‘State Revenue Office of Victoria’, and it is signed by David Pollard, Commissioner of State Revenue. It is dated April 2001 and is attached to a document headed ‘No land tax increases, payroll tax cuts, three stamp duties abolished. Better business taxes’. It also includes a message from the Treasurer, the Honourable John Brumby. With regard to stamp duties the document states:

Three business stamp duties will be removed as part of the removal and simplification of state business taxation ...

That is a direct quote from the document that bears the Treasurer’s signature. It then says:

... stamp duties on non-residential leases will be abolished immediately.

We now have the question of the date of this document. Unfortunately it is dated no more specifically than April 2001.

Hon. Jenny Mikakos — But when did it come out; when was it released?

Hon. R. M. HALLAM — That is my point! I am happy to have the interjection on the record because that is precisely the point I was trying to make. I am happy to have your support and your assistance, Ms Mikakos.

Hon. Jenny Mikakos — I am trying to clarify —

Hon. R. M. HALLAM — Let me make the point, Ms Mikakos. The date of that document is absolutely critical because the terms of the document suggest that the tax relief shall apply immediately.

Hon. Jenny Mikakos — On 26 April.

Hon. R. M. HALLAM — So, 26 April. That is interesting. Where did you get that date from, Ms Mikakos? You must have some insight that no-one else has. I say to you that my constituent who received the document read the presumed date of 26 April in the press at about that time, but he tells me — and I know him well enough to respect the story he tells me — that he received the document before 26 April. He assures me he had the document some time before 26 April, and I would like to know whether on reflection Ms Mikakos is prepared to give the chamber some advice in respect of that circulated document.

Hon. D. McL. Davis interjected.

Hon. R. M. HALLAM — I am sorry, I missed that point. Perhaps someone on behalf of the government might heed the message that I am offering, because the date of the document is absolutely critical and I am looking for something a bit more persuasive than a throwaway line offered by the Honourable Jenny Mikakos, because in that case, which I am happy to cite to anybody in the government, my constituent is involved in a substantial refund depending upon the date of the document. I want to know whether taxpayers have been misled about this notice, and I seek a specific explanation from the government as to the precise date of the announcement and what it can offer me to pass on to my constituent by way of consolation that he happened to miss the cut by, presumably, a few days. I am looking for something a bit better than a comment across the chamber.

I also note that the bill abolishes stamp duty on both unquoted market securities and mortgages. Again I will withhold the celebration because the first of those, the unquoted market securities duty, will be abolished from 30 June 2003, and we have to wait until 30 June 2004 to see the stamp duty on mortgages removed. I am prepared to say that that is as good as a nod and a wink to the business world, and no doubt many people will be able to arrange their affairs to take account of that.

However, again there is the concept of the Bracks government legislating for tax effects to apply well into the future. It is again that new strategy of which I spoke before.

Finally I turn to the gaming machine levy, which is also part of the package before the chamber. The bill imposes an additional \$1200 per annum on each of the 30 000 electronic gaming machines located across the state. That will take the levy on each of those machines up to \$1533.33 from 1 July. It is a very strange amount at first glance, but there is a bit of a story behind it. When the first snip was introduced by government, admittedly announced before the last election, the levy was to be \$333.33 per machine.

I remember in a debate in this chamber on that issue raising a question mark as to the appropriateness of the figure of \$333.33 per machine. It gave rise to the inevitable conclusion that it was not so much a levy per machine as a lump sum chosen by government — it happened to equate to \$10 million. At the time I said — I repeat — that I have never before heard of a tax being imposed anywhere where the yield was determined before the rate. Here is a government that is simply deciding that \$10 million is a nice, handy round sum that it will snip off the gaming industry.

At the time I also said that I was prepared to predict that the same government with the same rationale would be coming back to the well. Thus it has proven. The description offered to the chamber a few moments ago by the Honourable David Davis was ‘capricious’. That is a very kind description of the way gaming machine taxes have been introduced. In the first instance, as I said, it was the target that was the driver for the original imposition, and now a cool \$46 million a year is being extracted from the same industry.

If it was easy the first and second times, I am prepared to predict that the same government will go back to the well again, particularly given that it has taken some consolation from the description offered by the Harvey report, which said the industry was rife with super profits.

The interesting thing about that is that when the author of the Harvey report was questioned on the issue he said, ‘Hang on, this is not our idea. An attack on the super profits was already being canvassed by government before we were given the brief’. He ran a mile! Let’s not be confused about where this concept came from: it was not from the Harvey committee, it was from the backroom boys in the Labor government.

In that context I will again raise the question of terrible double standards. This is the same government that berated the previous administration for its so-called reliance upon the gaming dollar. Again and again Labor insisted in this place and in the public arena that the Kennett government's reliance upon the gaming dollar was too high. Then, in the very next breath, the same party, now in government rather than opposition, lifts a \$46 million benefit from the gaming industry — and it sells it to the community in the guise of a health benefit levy. That makes it sound a bit better and a bit more legitimate and makes it a bit more palatable to the community.

Hon. Jenny Mikakos interjected.

Hon. R. M. HALLAM — The irony is that it was Labor in opposition, Ms Mikakos, who vilified the industry and suggested it was appropriate to go out and kick that industry. Now it is reaping the reward for all that vilification. However, it is still fundamentally wrong and, as the Honourable David Davis has said, it raises a whole raft of issues.

The first of those issues is hypothecation. I have been close enough to the public purse to know that there is not a treasurer in captivity who likes the concept of hypothecation because it closes off the options. To adopt the principle of hypothecation is to say, 'A decision taken today will pre-empt decisions that might turn out to be more appropriate in the future', and, 'We are going to start up a policy that will be immutable'. No treasurer wants to adopt that principle. A treasurer would say, 'We would be better to have the choice at the time the revenue becomes available. We should at least trust ourselves to make a judgment at that time'. The argument would be that it is better to have all issues of expenditure under constant review.

On those grounds I cannot believe this Treasurer, the Honourable John Brumby, went quiet on this decision. Who was giving him advice about hypothecation? Did he just roll over on that as well? If he is worth his salt he should be arguing strenuously against saying, 'This stream of revenue shall always be applied to this outcome'.

If that is not clear to the reader of this bill, there is an even more interesting question to be asked: if we are getting into hypothecation, why hypothecate some of the revenue? Why just say, 'The additional \$1200 per machine this bill brings in will be hypothecated'? If it is such a good idea, why does it not apply to the other component of the revenue stream as well?

Hon. W. R. Baxter — A good question.

Hon. R. M. HALLAM — It is a very good question. Either the Treasurer went to sleep or he got rolled in the political stakes at the cabinet table. Perhaps he was told, 'You sit there and be quiet, Treasurer, because this is politically palatable. We can sell this to the community on the basis that it is a health benefit levy, and if we hypothecate it no-one can complain about the latest snip on the electronic gaming machines or EGMs'. My question is: why was the balance of it not hypothecated as well?

However, like the Honourable David Davis, my major concern goes to the issue of sovereign risk. I have talked about that issue in this chamber before, and I will simply repeat the notion involved. I would be the first person to recognise that Tattersalls, Tabcorp and Crown do not need me to be running their case for them. They are all big boys, and they are more commercial than anybody you will come across, Mr Deputy President. They play at the big end of town. They do not need me to go into the political arena to protect them.

But the facts are that each of those organisations had contracts with the Victorian government for the operation of electronic gaming machines, and now we have a government that has decided it is okay to unilaterally amend those contracts. First it decided to cream \$10 million off the top, and now it has decided to take a further \$36 million, making a total of \$46 million per annum being creamed off the top. It decided that unilaterally and against a contract. I repeat the question I posed a moment ago: where will this stop?

However, the big issue is the message that decision sends out into the market. The message it sends is that contracts with the Victorian government are voidable, but only at the option of one party. It says that the Bracks government is prepared to use its legislative power to rewrite contracts already in existence to get a better deal for itself. What sort of standards does that message send? What would the average investor take that message to mean? I would not mind if it said that the Bracks government cannot be trusted, but that is not the message that is going out. The message going out is that the Victorian government cannot be trusted.

I resent that very deeply, because when in government my colleagues, many of whom are here today, and I worked very hard to have Victoria acknowledged as the place to do business. The changing of these contracts has been incredibly damaging and will be even more so in the long term. I cannot believe the Honourable John Brumby was prepared to sell his soul for \$1200 per machine. Worse still, I cannot believe John Brumby was prepared to offer the souls of all Victorians for

\$1200 per machine, because he must have known the damage that would do to our reputation and credibility.

My point is that if he does not know about the damage to reputation and credibility then my concerns run even deeper for the Victorian community in respect of its direction and future prospects.

I also note as an aside that the government is not persisting with the inference that the move on the so-called super profits enjoyed by gaming was an initiative that came from the Harvey review. I do not hear that any more; I think we have put that furphy to rest.

Against that background I report that the National Party will not oppose the bill. It does provide some relief, particularly for the small end of town. However, I again make the point that there is a dramatic gulf between the rhetoric and the reality. My response to the claim of lower, fewer and simpler taxes is to say, 'Not much, not many and not yet'. However, for all that, the National Party will allow the bill to pass.

Hon. JENNY MIKAKOS (Jika Jika) — I am pleased to speak in support of this bill, which seeks to implement the most significant state tax reform in Victoria for two decades. The package announced by the government delivers significant benefits, in particular for small business operators, investors and self-funded retirees. It is clear from some of the comments made by the Honourable David Davis and the Honourable Roger Hallam that they have not looked at the bill carefully. In my short contribution I will seek to rectify the record.

It is important to briefly outline the background to and context in which the bill comes before the house. In the 2000–01 budget the government announced it would be seeking to implement tax cuts totalling \$400 million. In order to obtain advice on how best to allocate those tax cuts the government established an independent committee chaired by John Harvey to undertake a review of state business taxes. The government was prepared to release the Harvey committee's report to facilitate full public comment and debate. It also considered all views raised through that process in formulating its response.

Following an extensive consultation process, on 26 April the government released its Better Business Taxes package, which outlines its plan to deliver a more competitive business environment with lower, fewer and simpler taxes. The tax package supports the development of new businesses in this state and the growth of existing businesses by reducing the financial

and administrative burden of taxation for Victorian businesses. The key measures proposed in the Better Business Taxes package that are being implemented in this bill include a reduction of payroll tax from 5.75 per cent to 5.45 per cent effective as of 1 July 2001 and a further reduction to 5.35 per cent from 1 July 2003. The bill also raises the payroll tax threshold from \$515 000 to \$550 000 effective from 1 July 2003. This represents a benefit to 18 000 businesses that pay payroll tax and a tax saving to Victorian businesses of \$430.6 million over four years. It will give Victoria a payroll tax rate that is significantly lower than the Australian average.

The bill also seeks to exempt approximately 46 000 small businesses, investors and self-funded retirees from the land tax net by increasing the tax-free land tax threshold from \$85 000 to \$125 000. This represents a saving to Victorian businesses of more than \$20 million over four years. I note that is in stark contrast to the tax record of the Kennett government, which brought more than 70 000 new taxpayers into the land tax net by lowering the land tax threshold from \$200 000 to \$85 000. Regional Victoria in particular will benefit from this change because about 21.5 per cent of property currently facing — —

Hon. Bill Forwood — On a point of order, Mr Deputy President, it is a longstanding practice of this house that honourable members make speeches; they do not slavishly read them. I have been watching Ms Mikakos with some interest and I have just noticed her turn the page again. I invite her to contribute a speech, not to read a pre-prepared one.

Hon. JENNY MIKAKOS — It will take longer.

Hon. Bill Forwood — Of course it will take longer! It will be your own speech.

Hon. JENNY MIKAKOS — I am just reading the figures.

The DEPUTY PRESIDENT — Order! On the point of order, obviously honourable members are allowed to use copious notes in making their contribution in the house. That has been a ruling of this house for some time. Ms Mikakos should continue. There is no point of order.

Hon. JENNY MIKAKOS — As I was saying, regional Victoria in particular will benefit from this increase to the land tax threshold, because an additional 21.5 per cent of properties in regional Victoria will become exempt from land tax, which will mean around 89 per cent of property in regional Victoria will now not be liable for land tax.

The bill also seeks to abolish three stamp duties — specifically, a stamp duty on non-residential leases, which is effective from 26 April 2001; an unquoted marketable securities duty, which is effective from 1 July 2003; and stamp duty on mortgages, which is effective from 1 July 2004. Victoria is the first state to abolish such stamp duties. I am very pleased it is doing so because it will represent a significant reduction in paperwork and compliance costs for Victorian businesses.

I note in this respect that the Honourable Roger Hallam raised the timing of the announcement of the Better Business Taxes package, and in particular the issue of refunds available on a surrender of a lease. I wish to reiterate that the Better Business Taxes package was announced on 26 April of this year and it is for that reason that part 6 of the bill is deemed to come into operation on 26 April 2001. Part 6 of the bill relates to the abolition of stamp duty on commercial leases and includes specific provisions in clause 8 and clause 15 of the bill that relate to refunds.

In that respect clause 8 of the bill recognises that as a consequence of the repeal of lease duty there is a need to tighten up the availability of refunds to ensure that leases are not deliberately terminated early so as to avail the parties to stamp duty refunds. The clause allows for refunds to occur upon an early termination of the lease where duty had previously been paid and where the refund application is made within a three-year period of the lease ending. A refund will not be available where a lessee or an associate of the lessee continues to occupy substantially the same property they did before the lease was terminated.

Clause 15 is similar in effect and amends the Stamps Act 1958, as the Duties Act will not commence operation until 1 July of this year. It contains similar provisions to those contained in clause 8 and goes further by amending section 83A of the Stamps Act, as they currently allow for unascertainable lease costs to be estimated at the time that lease duty is payable subject to later adjustments by the commissioner. As of 26 April of this year these provisions will no longer apply. Clause 15 also provides that if between 26 April and the date the bill receives royal assent the Commissioner of State Revenue has made a reassessment of an amount of lease duty payable under a lease, the commissioner must refund any additional stamp duty paid under the re-estimate. Similarly, if the commissioner has refunded an amount following a re-estimate, the amount refunded must be repaid to the commissioner.

It is clear that the package was announced on 26 April, and for that reason the abolition of the lease duty and the refund provisions contained in the bill will apply from that date. I am pleased that the bill and the total tax package will implement tax cuts of a total of \$774 million over the next four years.

Hon. R. M. Hallam — It is \$774.3 million; that is very important.

Hon. JENNY MIKAKOS — I stand corrected — \$774.3 million of tax cuts over the next four years. That will represent savings to Victorian businesses of \$100 million in 2001–02; \$111.5 million in 2002–03; \$211.7 million in 2003–04 and \$351.1 million in 2004–05.

The government has sought to ensure that Victorian businesses are aware of the contents of this bill and the Better Business Taxes package and has specifically provided for the Victorian Business Line to ensure that Victorian businesses which are not sure about the details of the tax package can seek advice and clarification.

Hon. D. McL. Davis interjected.

Hon. JENNY MIKAKOS — Mr Davis would be aware of the complete debacle following the so-called GST reforms, where taxpayers were unable to get through the telephone system at the Australian Taxation Office. I contrast that complete debacle with the fact that since the package was released on 26 April more than 1000 Victorian businesses have been able to get through to the Victorian Business Line, and that the overwhelming majority of the responses to the line have been positive. Callers have been particularly enthusiastic about the changes announced by the government and the fact that over 46 000 Victorian businesses will become exempt from paying land tax.

Honourable members interjecting.

The DEPUTY PRESIDENT — Order! There is too much conversation across the chamber.

Hon. JENNY MIKAKOS — It is interesting that the Honourable Bill Forwood, who is the shadow minister for small business and consumer affairs, has not even sought to contribute to the debate on this bill. He is obviously not interested in tax reform and how it can benefit small businesses in this state.

It is important that honourable members recognise that the tax package is seeking to take the longer term view of tax reform that is needed in this state. Given that Victorian businesses do not operate on the basis of

election cycles, they are assisted in their planning and investment by having prior knowledge of the government's intentions on tax matters. In that respect the Harvey report takes a long-term view, and many of its recommendations relate to a number of changes that will take effect in the 2003–04 financial year.

I specifically refer honourable members to appendix B of the document entitled *Better Business Taxes — Lower, Fewer, Simpler*, which outlines the various Harvey committee recommendations and the government's responses. I note particularly that recommendation 3, as outlined in appendix B, specifically recommended that from 1 July 2003 payroll tax would be reduced by a further \$100 million.

Recommendation 4 is similar, relating to a request that the off-the-plan concession be reviewed in 2003 and 2004, and so it goes on. The Harvey committee report took a longer term perspective on the need for vigilance and reform of state business taxes.

It is interesting to note that the Honourable Roger Hallam sought to congratulate the Harvey committee on its recommendations. However, he did not outline which of those recommendations the National Party would specifically seek to implement when in government. I note also that the Honourable David Davis did not indicate which of those policies his party would seek to implement. Opposition members have been happy to talk about the reasons why the gaming industry should be given preference over the health industry and about the abolition of debits tax in New South Wales, but their contributions were completely devoid of any ideas on what they consider appropriate to implement in this state.

It is important to contrast the Bracks government's track record in state taxation with that of the previous Kennett government. During its seven years in office the Kennett government was prepared to abolish only one form of business taxation, and that was a \$10 deed duty which had a minimal impact on Victorian businesses. The only tax relief it delivered to small business was the introduction of an exemption on the refinancing of business loans, which was worth the grand total of \$1 million for Victorian businesses.

During the Kennett years Victorian businesses saw a net increase of \$100 million in business taxes. As I said, the previous government was prepared to reduce the threshold for land tax from \$200 000 to \$85 000, resulting in 70 000 new land-holders being caught in the land tax net. That measure was supported by the shadow Treasurer, the honourable member for Brighton in the other place. The former government was also

prepared to dress up a so-called reduction in payroll tax with a measure that included superannuation in the calculation of the payroll tax base, which resulted in an extra 2556 Victorian employers facing a payroll tax bill for the first time. That represented a record 18.3 per cent jump in the number of firms incurring a payroll tax liability as a direct result of the inclusion of superannuation contributions in the payroll tax base.

Hon. D. McL. Davis interjected.

Hon. JENNY MIKAKOS — The Honourable David Davis probably does not understand that superannuation is a far more significant imposition on employers than are fringe benefits, given the commonwealth government's statutory requirements that employers pay 9 per cent of payroll towards compulsory superannuation. That measure had an adverse impact on Victorian state businesses.

I turn briefly to payroll tax concessions. It is important to note that each of the proposals in the bill which seeks to remove existing payroll tax concessions is designed to simplify the administration of the payroll tax system by bringing Victoria's payroll tax system into line with the commonwealth income tax system. There is no net gain in revenue to the government from any of those measures. Any increased revenue associated with the removal of payroll tax concessions — and specifically the reduction in the rate of payroll tax — has been fed back into the tax package.

A combined effect of the tax cuts and the removal of the concessions is to redistribute the payroll tax burden more equitably across the whole tax base. Without the removal of payroll tax concessions, the tax cuts to business would have been more modest than those currently proposed. Some of the tax concessions that apply in the payroll tax area benefit some types of businesses more than others, and it is only equitable that such measures be removed so that all employers are on an equal footing.

I refer to the grossing up of fringe benefits. The largest group of employers who face net increases to their payroll tax liability are sporting clubs and sporting bodies. For that reason the government has decided not to apply payroll tax to the grossed-up provisions for fringe benefits to sporting bodies which pay more than 50 per cent of their payroll to employees who are sporting competitors. Bodies wishing to avail themselves of that exemption will need to apply to the Commissioner of State Revenue to have their organisation prescribed by regulation.

I note that in the amendments to the Casino Control Act 1991 and the Gaming Control Machine Act 1991 the health benefits levy is being increased from \$333.33 per machine to \$1533.33 for each machine. I am not sure why the Honourable Roger Hallam thinks that the amount of the previous levy is not being hypothecated to the health system, but I note that clauses 3 and 4 include the \$1200 additional levy as well as the existing \$333.33, resulting in a \$1533.33 health benefit levy that applies to both casino and gaming operators.

All of that revenue, which is expected to raise around \$35 million each year, will be dedicated to the improvement of our public hospitals over the next few years. The government makes no apology for the fact that it is prepared to increase taxation on gaming machines to benefit Victoria's much-maligned health system.

The government's Better Business Taxes package will promote economic growth across the whole of the state, protect Victoria's financial position into the future and provide a good basis for the delivery of improved social services. It will give Victorian businesses a boost at a time when the national economy has been slowing down and Victorian businesses continue to suffer from the effects of the goods and services tax.

The abolition of the three stamp duties will especially benefit small businesses in this state through a reduction in their paperwork and compliance costs. The package consolidates Victoria's position as a good place to do business, with all businesses benefiting from lower, fewer and simpler taxes. I commend the bill to the house.

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — Gosh, that was boring! When Ms Mikakos got to her feet an honourable member interjected that she had the intellect of a pancake, and at the time I thought that was a particularly damning criticism, but having sat through her contribution I actually think that person was generous!

Hon. Jenny Mikakos — What do you know about state taxation?

Hon. G. K. RICH-PHILLIPS — Let us talk about state taxation. I would like to start with comments Ms Mikakos made in her contribution. She spoke about what she described as 'the debacle of the GST', and if we are to talk about the GST we should look at the budget papers and see what sort of debacle it has been for the Victorian economy, because those papers are very telling.

According to the budget papers, in the current financial year the Victorian government will receive \$5.5 billion from the GST. That is the sort of debacle the GST has been for the Victorian government — \$5500 million from the GST to the Victorian government — yet Ms Mikakos says it is a debacle! Over the forward estimates period that figure will grow to \$6.5 billion. Honourable members do not see the Treasurer of Victoria sending back his GST cheque every month; he gets it from the federal Treasurer and banks it. We do not know what bank it goes into but we do know it does not go into the State Bank of Victoria because we know what happened to that bank last time Labor was in government! Sure enough, every month the Treasurer banks his GST cheque, even though Ms Mikakos says it has been a debacle. That just goes to demonstrate the government's thinking on some of these matters.

When Ms Mikakos got to her feet she said she would correct some misrepresentations made by Mr Hallam and Mr Davis. However, having sat through her contribution I would have to say the contributions made by Mr Davis and Mr Hallam stand on the record unchallenged. Nothing in Ms Mikakos's contribution went any way to challenging the comments made by Mr Hallam and Mr Davis. In fact, Ms Mikakos's contribution pointedly ignored many of the points other members made in their speeches.

Another point Ms Mikakos made related to the Harvey report. I was almost tempted to take a point of order on relevance, because this bill has nothing to do with the Harvey report. The government and the Treasurer received that report and discarded it. It was a hot potato that the government did not want to deal with, so this bill has absolutely nothing to do with the contents of the report.

Ms Mikakos criticised the taxation measures of the previous Kennett government. She sought to contrast the Bracks government's taxation changes with what was done by the previous government. She did not set the scene under which the previous government operated and compare it with the way the current government operates. If honourable members contrast the time when the previous government started in office back in October 1992 with the start of the Bracks government's term in October 1999 they will see some fundamental differences in the Victorian economy and the budget. In October 1992, when the Kennett government came to office, state debt was \$32 billion on a smaller economy; and that was not a figure in decline but one that was increasing because on a recurrent basis the Victorian budget was running at a deficit of \$2.5 billion to \$3 billion each and every year — in other words, every year the Kirner

government was spending \$2500 million to \$3000 million more than it was collecting, and pushing out state debt at that point to \$32 000 million.

Yet Ms Mikakos wants to come into this chamber and contrast what the Bracks government is doing on taxation with what the Kennett government did. Let us leap to October 1999 and consider the environment the Bracks government inherited. In the 1998–99 financial year the budget ran a recurrent surplus of \$1.7 billion — that is, one thousand seven hundred million dollars — and state debt had been reduced to between \$5 billion and \$6 billion. There is a huge contrast between the environment the Kennett government inherited and the one the Bracks government inherited. For Ms Mikakos to come in here and try to contrast performance on state tax reform without making any reference to the dramatically different economic and budgetary environments inherited by the two governments — —

Hon. Bill Forwood — Ignorant!

The DEPUTY PRESIDENT — Order! The Honourable Gordon Rich-Phillips, without assistance!

Hon. G. K. RICH-PHILLIPS — It is ignorant, Mr Forwood. It is a misleading comment and it just goes to show how this government likes to misrepresent what it is doing and the situation it inherited.

I would now like to talk about a few aspects of the bill, although they have been canvassed quite adequately by the members who have spoken before me. Basically the bill is designed to implement the changes announced in the Treasurer's tax package. Honourable members have already mentioned that despite the package announcing tax cuts of \$774 million — —

Hon. R. M. Hallam — Point 3. Don't forget the 0.3. It is very important.

Hon. G. K. RICH-PHILLIPS — Yes, Mr Hallam. Despite the package announcing tax cuts of \$774.3 million, only \$100 million will be delivered in this term of government. Let us contrast that with what has already happened in this term of government. So far in this term the government has collected an extra \$669 million in taxation revenue — yet it will only hand back \$100 million. The government is keeping the extra \$569 million and telling the community and business to be grateful that it is giving \$100 million back. That is quite apart from what will happen over the rest of this term of government. The other point is that the balance of the tax cuts will occur in the next term of government. Whoever forms government in the 55th Parliament will be responsible for delivering the

tax cuts — not the current Bracks government. The forward outlook for this tax package is very telling.

I will address the key parts of the bill. Part 1, headed 'preliminary,' is the introduction. Part 2 goes to the health benefit levy which is based on the electronic gaming machine (EGM) levy. It introduces changes to the Casino Control Act and the Gaming Machine Control Act. As Mr Hallam pointed out, it increases the tax revenue per machine from \$333.33 to \$1533.33. Mr Hallam described how that figure was arrived at. The idea of deciding how much tax one wants to collect before deciding what the particular levy per machine will be is quite extraordinary.

I would like to pick up on another point Mr Hallam made. Despite its comparatively small revenue impact, this measure is very concerning because the message it sends to the investment community is that the Bracks government is willing on a whim to arbitrarily change agreed contract details. The levy has been increased randomly and not even in accordance with what the Harvey report recommended. Mr Hallam has already spoken about it being hypothecated into what is known as a health benefit levy. The change has been made for political reasons. Obviously when the Harvey report was released it was going to be difficult for the government to change the environment in which electronic gaming machines operate, so some bright spark — perhaps one of the advisers — came up with the idea of calling the EGM levy a health benefit levy. Suddenly we have this pool of money which will apparently go into the health system, which Ms Mikakos touched on.

Hon. Jenny Mikakos — Do you oppose that?

Hon. G. K. RICH-PHILLIPS — It is all well and good to pour money into the health system, but you have to be getting a benefit from it. We have already seen the Bracks government dramatically increase the health system budget, and at the same time we have seen the hospital waiting lists and ambulance bypass figures increase dramatically. It is difficult to see what we are getting out of the health system for the extra money that is being poured into it. The government needs to be accountable for the money it is spending. It is fine to pour money into the health system, but what returns are we getting for it? Thus far we are not seeing any.

Measures throughout the bill make comparatively minor tax cuts. In addition, as Mr Hallam pointed out, we have some clawback provisions when we look at the expansion of the payroll tax base. There are some interesting exemptions from payroll tax, specifically for

the sporting clubs, which raises the question of what makes sporting clubs so special that they should be exempt from the payroll tax provisions as they relate to fringe benefits.

Hon. D. McL. Davis — And not other not-for-profit organisations.

Hon. G. K. RICH-PHILLIPS — Yes, and not other not-for-profit organisations, Mr Davis. There are some worrying and inexplicable provisions in this legislation. As I said, the bill gives effect to the government's tax package, and on that basis the opposition does not oppose it. However, the opposition notes that there are some apparent irregularities in this legislation and some things which should be clarified. I invite the Minister for Energy and Resources to address that in her comments at the third-reading stage. With that, I conclude by repeating that the opposition does not oppose this legislation.

Motion agreed to.

Read second time.

Third reading

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

That this bill be now read a third time.

I thank honourable members for their contributions to the wide-ranging debate.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

Sitting suspended 1.00 p.m. until 2.03 p.m.

QUESTIONS WITHOUT NOTICE

AMWU: industrial violence

Hon. M. A. BIRRELL (East Yarra) — I refer the Minister for Industrial Relations to the violent rampage through two business sites last week when about 40 men, reportedly led by the Victorian secretary of the Australian Manufacturing Workers Union, Craig Johnston, caused damage to property and personally threatened staff. Will the minister now condemn this irresponsible behaviour and ensure the government's silence on this incident ends?

Hon. M. M. GOULD (Minister for Industrial Relations) — An industrial dispute has been taking place at the manufacturing company Johnson Tiles Pty Ltd over the outsourcing of certain maintenance jobs to Skilled Engineering Ltd. The company's former maintenance employees are represented by the Australian Manufacturing Workers Union, and officials and members have maintained a picket line at Johnson Tiles since early last week in support of their claim for retention of their jobs with the company or a guarantee of re-employment by Skilled Engineering.

The government is advised that last Friday morning, 15 June, a group of balaclava-wearing individuals forcibly entered the premises of Johnson Tiles in Bayswater and caused damage to its facilities and equipment and assaulted a number of company employees. Soon after that incident similar action was taken at the premises of Skilled Engineering. The Bracks government does not in any circumstances condone illegal or intimidatory action undertaken by anybody associated with the incident that occurred last week. The laws of this state should be applied to everybody, and anybody found guilty of such an offence should be dealt with by the law. I remind honourable members of the infamous maritime dispute — —

Honourable members interjecting.

The PRESIDENT — Order! I am sure the house is anxious to hear the minister. I ask honourable members to settle down.

Hon. M. M. GOULD — Many observers were outraged at the image of balaclava-clad security personnel intimidating employees on the wharf. It is just as inappropriate for anyone associated with the union side of an industrial dispute to resort to such tactics.

The Bracks government is advised that there are allegations that persons associated with the union were responsible for that action, and a police investigation of the incident is proceeding. The government has made it clear that it does not condone any such action and has said so since the incident occurred last week. However, in view of police investigations into the inappropriateness of the actions, it is not appropriate for the government to make any further statements. I make it perfectly clear that the government does not condone such action by anybody associated with the incident that occurred last Friday.

Electricity: national market

Hon. E. C. CARBINES (Geelong) — Will the Minister for Energy and Resources explain what leadership role the Bracks government has taken in establishing the national electricity market ministers forum?

Hon. C. C. BROAD (Minister for Energy and Resources) — I am pleased to advise the house that on behalf of the Bracks Labor government I have convened a forum of ministers responsible for the national electricity market (NEM). The forum will be held in Melbourne on Tuesday, 26 June, to address issues of mutual interest in the national electricity market. The forum will provide an opportunity for the participating jurisdictions to reaffirm the objectives of the national electricity market to establish a wholesale electricity market and an interconnected national electricity grid. It will also enable member jurisdictions to address a number of policy issues in the national electricity market, given that the market was set up without such a forum being put in place.

Since the national electricity market commenced in December 1998 a number of key issues have been raised by each NEM jurisdiction about the development of the national electricity market. The forum will be an opportunity for NEM governments to determine a joint vision of how the market should develop in the future and put in place transparent mechanisms that allow the debates to be held and decisions to be made.

The NEM was set up under the auspices of the Council of Australian Governments (COAG) and the policy direction was clear, if relatively simple at that time. However, it is now equally clear that arrangements must be improved — for example, the arrangements for interconnection between the electricity networks in the various NEM jurisdictions have clearly not worked as well as originally planned. In many respects, the market is now much more complex than it was at the time it was set up, and most importantly the forum will identify ways to ensure the market can deliver benefits for all users.

I am pleased to have received support for the forum from the recent COAG meeting and from each of the jurisdictions participating in the national electricity market, including South Australia, the Australian Capital Territory, New South Wales and Queensland. Importantly, the commonwealth and Tasmania will also send representatives to the meeting.

The agenda for the forum has now been settled by all the jurisdictions. The issues to be considered at the first

meeting of the forum include impediments to investment in interconnects, network pricing, regulatory arrangements and the forthcoming review of the national electricity code by the national electricity code administrator.

The forum will report back to COAG, out of session, on key approaches and timetables for priority tasks in relation to these issues. Victoria has shown decisive leadership in establishing the NEM ministers forum. These actions by the Bracks Labor government stand in marked contrast to the lack of action by the previous Kennett government.

AMWU: industrial violence

Hon. M. A. BIRRELL (East Yarra) — I refer the Minister for Industrial Relations to new Australian Bureau of Statistics data issued today showing that manufacturing industry investment in Victoria is now the lowest it has been for eight years. Given the increased industrial disruption in this industry sector, much of which does not show up in industrial relations statistics because they are violent incidents, like last week's Australian Manufacturing Workers Union rampage, will the minister start taking a firmer stand on manufacturing union extremism which threatens investment in this state?

Hon. M. M. GOULD (Minister for Industrial Relations) — As I have indicated to the house in response to the previous question with respect to action that was taken by the balaclava-clad people last week at Johnson Tiles Pty Ltd and Skilled Engineering Ltd, the government does not condone any illegal violent action that took place.

The government is committed to working within the industrial relations framework that applies in Victoria that was established by Mr Peter Reith, which does not, importantly, cover the situation. The government is committed to encouraging industrial relations in this state, working in partnership with unions and employers in a cooperative workplace.

Honourable members interjecting.

Hon. M. M. GOULD — I do not condone the actions that took place last week. The proper course of legal action will take place following the forthcoming police investigation, and they should feel a full weight of the law.

The government is committed to investment in this state and is committed to working in a cooperative manner. If the opposition allowed the government's Fair Employment Bill to be passed — —

Honourable members interjecting.

The PRESIDENT — Order! I ask that the minister be allowed to be heard as she winds up her answer.

Hon. M. M. GOULD — If the opposition had allowed the Fair Employment Bill to be passed it would have provided for industrial parties in dispute to appear before the tribunal to assist in remediation under the Workplace Relations Act. That is not possible under the enterprise bargaining principles.

I do not know how many times I have to say it, but what happened at Johnson Tiles and Skilled Engineering last Friday is not condoned. It is not supported by the government or the trade union movement.

Industrial relations: disputes

Hon. R. F. SMITH (Chelsea) — Following the question by the Leader of the Opposition, I ask the Minister for Industrial Relations: what did the recent Australian Bureau of Statistics figures show about industrial disputation trends in Victoria?

Hon. M. M. GOULD (Minister for Industrial Relations) — The most recent Australian Bureau of Statistics figures on working days lost due to industrial action were released last Friday and relate to the period ended March 2001. In March and May I was pleased to report to the house the positive trends that showed falls in those figures. I am now pleased to report that the most recent statistics record a decrease of 51 per cent in the number of working days lost in the period ended March 2001. That positive trend endorses the Bracks government's policy of promoting cooperative workplace practices, which assists in growing the whole of the state.

However, the government is not complacent about the figures because, for example, the industry that recorded the highest level of disputation in Victoria was the construction industry and the government's establishment of the Building Industry Consultative Council is an important initiative that can assist that industry to maintain positive work practices. The council brings together employers and unions from the industry on a regular basis to discuss matters of mutual interest in a non-confrontational way, and that in turn assists in ensuring there is a stable environment for investment and jobs growth in the construction industry that will assist the whole of the state.

Sport: competitive neutrality policy

Hon. R. M. HALLAM (Western) — Last week the Minister for Sport and Recreation assured the house that any council receiving a capital grant for a sporting facility was required to comply with the competitive neutrality guidelines issued by Sport and Recreation Victoria. Will the minister explain how he takes any comfort from those guidelines given that the effect of any breach can be reported only in retrospect and is thus presumably of little consolation to any private competitor who may have gone broke in the meantime?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I am conscious of the issues raised by the Honourable Roger Hallam about competitive neutrality. Last week I related the guidelines of Sport and Recreation Victoria and the way the onus for the competitive neutrality requirement is an obligation on local government. I reinforce today that those obligations must be conducted by local councils, that they must acquaint themselves with them and that they must conduct research about them.

In answering the question last week I articulated that it is a critical issue for rural communities because depending on the extent of how competitive neutrality is defined in the broader community there are issues in relation to what governments can and cannot provide in the community. I mentioned that, because of those issues, a number of complaints have been referred to the competitive neutrality unit of government. It is undertaking research about those projects and draft reports will be handed to the relevant parties prior to their public release so that the complainants can be aware of issues directly relevant to them.

I reinforce that it is a critical issue for governments of all persuasions and also for local councils to conduct research into the areas of significance when they are seeking funding from the state government.

GST: small business

Hon. T. C. THEOPHANOUS (Jika Jika) — I refer the Minister for Small Business to the release of the no. 2 report of the parliamentary Economic Development Committee into the impact of the GST on small and medium-sized businesses in Victoria and to the minority report contained therein, which described the report as a whitewash.

Hon. M. A. Birrell — Not too many people quote you, Theo.

Hon. T. C. THEOPHANOUS — Not too many people are quoting Mr Birrell, either, these days!

Will the minister now inform the house of any recent evidence she is aware of that either confirms or questions the report's findings?

Hon. M. R. THOMSON (Minister for Small Business) — Honourable members will be aware that since I became the Minister for Small Business some 20 months ago I have listened to a large number of people who run small businesses across Victoria. Concern about the GST was raised prior to its implementation as businesses were getting ready for it. Concerns about its post-implementation have been raised with me on an ongoing basis by small businesses, and as recently as yesterday — —

Opposition members interjecting.

The PRESIDENT — Order! I ask opposition members to settle down to allow the minister's answer to be heard.

Hon. M. R. THOMSON — As recently as yesterday the Bracks government conducted its community cabinet in Seymour.

Hon. D. G. Hadden — Good place!

Hon. M. R. THOMSON — Yes, it was a good community cabinet, and a lot of locals were present at the community sessions that were held in the afternoon.

One of the business people I saw talked about concerns that they were having with the GST and with the business activity statement (BAS). They indicated that two days per quarter is spent on the bookwork in filling in the BAS and returning it. They have also had concerns with the businesses to whom they supply. This is a small business that supplies goods to other small businesses. They were finding that those small businesses with whom they do business were delaying payments to them because of the cash-flow problems they were having as a result of the GST. That therefore disrupts their cash flow and their capacity to expand their business and concentrate on their own business needs. They are spending time being tax collectors for the federal government, and they certainly resent it.

Honourable members interjecting.

Hon. M. R. THOMSON — This anecdotal evidence is also backed up by the *Herald Sun* survey of Victorian attitudes to the goods and services tax, which appeared in yesterday's *Herald Sun*. The survey results reinforce what every other report except one has said.

Honourable members interjecting.

Hon. M. R. THOMSON — Yes, it was the report of the Economic Development Committee — that happens to be dominated by Liberal Party and National Party members.

Honourable members interjecting.

Hon. M. R. THOMSON — The *Herald Sun* survey actually provided the real attitudes that Victorians hold to the GST. Even federal government supporters have 'turned against the GST' with only 17 per cent believing that they are better off; 56 per cent of Victorians feel they are worse off because of the GST — and honourable members can imagine how many of those are small businesses. The *Herald Sun* Insight investigation also discovered that 'GST paperwork doubled for some small businesses, leaving promises of a simpler system in tatters'. That is a quote — 'leaving promises of a simpler system in tatters'. The Insight survey also suggested that a \$75 billion a year black economy is still thriving despite the federal government's prediction that the GST would greatly slow it.

The Quadrant survey is important because it demonstrates how the Victorian opposition and the federal government are in absolute denial about the impact the GST is having on small business. The parliamentary Economic Development Committee's second report on the GST's impact on small and medium enterprises in Victoria is proof that the opposition is not listening and is ignoring the needs of small business. It has certainly just produced a report that is full of bland statements and excuses. However much the federal government and the state opposition may seek to silence GST criticism, the Quadrant poll's conclusion is inescapable:

Overall, nearly three in five people (58 per cent) oppose the GST-based package, with just 33 per cent in favour of it.

For all those who are actually listening to small business — and that seems to be everyone except the opposition in Victoria and the federal government — all this survey does is reinforce our understanding of the hurt out there.

Ethnic Enterprise Advisory Council

Hon. BILL FORWOOD (Templestowe) — My question is also to the Minister for Small Business, and I ask: on 27 November last year the minister announced the establishment of a 15-member Ethnic Enterprise Advisory Council. Now, just on seven months later, would she care to name the other 14 members of the council?

Hon. M. R. THOMSON (Minister for Small Business) — The names and nominations for the Ethnic Enterprise Advisory Council are being finalised.

Sport: disability access

Hon. D. G. HADDEN (Ballarat) — I ask the Minister for Sport and Recreation, in light of the government's commitment to improving sporting opportunities for all Victorians, what steps he has taken to achieve this outcome.

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I am pleased to advise the house that I am making available a one-off funding injection to complement the Access for All Abilities program, or AAA program, as it sometimes known in this house. I am providing an additional \$250 000, which will be used to support projects that research and develop innovative planning and delivery models of sport and recreation opportunities.

Non-government, not-for-profit sport and recreation providers will be able to apply, along with local government organisations. This program specifically targets organisations that encourage and explore innovative practices that ensure the inclusion of people with disabilities in sport and recreation.

Three categories can be applied for — planning, service delivery, and tools and resources. These additional categories result from consultation with the sector and the need for assistance with strategic planning on a number of these issues.

The applications close on 31 August, with projects expected to commence prior to November 2001. The funding guidelines and application forms are available on the Sport and Recreation Victoria home page. No doubt honourable members will want to hear the web site address — www.sport.vic.gov.au. I hope members opposite access the site and refer it to community organisations in their electorates.

Ethnic Enterprise Advisory Council

Hon. BILL FORWOOD (Templestowe) — I refer a matter to the attention of the Minister for Small Business. The house has been advised that the minister announced the establishment of the Ethnic Enterprise Advisory Council in November last year, and that seven months later nothing has happened — no-one has been appointed and the council has not met. Is this not an indication of the lack of importance that the government places on ethnic issues in this state?

Hon. M. R. THOMSON (Minister for Small Business) — The task the government is setting for the Ethnic Enterprise Advisory Council and the reason there has been a delay in its establishment relate to the utilisation of the expertise and contacts of our ethnic communities to encourage exports. A large number of people have been interested in participating on the council, and the government wants to ensure that it gets the balance right and finds the best possible people it can to fulfil that task. There is a shortfall in the number of women who have nominated for the council and the government has sought another round of invitations to apply to the council so that women are represented in sufficient numbers to ensure they have an impact on the work that is done by the council.

Business: energy efficiency

Hon. G. D. ROMANES (Melbourne) — Will the Minister for Energy and Resources inform the house of what action the Bracks government is taking to assist Victorian businesses to reduce greenhouse gases through improved energy efficiency?

Hon. C. C. BROAD (Minister for Energy and Resources) — I thank the honourable member for her question and for her commitment to these issues. Through the Sustainable Energy Authority's Energy Smart Business programs, the government is working with more than 500 companies to achieve major energy efficiency improvements.

An Honourable Member — Name them!

Hon. C. C. BROAD — I will get around to that. Businesses are being encouraged to adopt energy saving practices and to install more energy efficient equipment. That will improve business efficiency by reducing energy running costs and assist businesses to reduce greenhouse gas emissions associated with their energy use, as well as their running costs.

Industry sectors with high greenhouse gas emissions, such as textiles, foundries, restaurants, catering and agribusinesses are being targeted through the program. The Sustainable Energy Authority is working with individual companies to identify energy saving opportunities and to implement cost-effective measures. Information is being tailored to businesses in these sectors and is being disseminated through case studies, workshops and forums more generally to business.

Through a leaders program, motivated energy-aware companies and industry bodies are being encouraged to work within their industry networks to assist other businesses to introduce energy management programs. Some of the Victorian companies involved with the

leaders program include Ford Australia, working with a number of companies that supply Ford, including Plexicor, Coghlan and Russell Engineering.

The Sustainable Energy Authority also provides intense educational and training support to these companies, and to date energy-running cost savings of more than \$12 million per year and reductions in greenhouse gas emissions of 252 tonnes have been identified through this program. In addition, a Partners Program has been developed to assist larger companies to convert their commitment to sustainable energy into action. Through this program companies enter into agreements to undertake certain energy-saving measures, and in return they gain access to consulting services and information and advice specific to their own company's operations.

This program commenced in October of last year and has already identified more than \$1 million savings in annual energy operating costs. Some of the Victorian businesses that have been involved with this program include Amcor, Brivis, Uncle Ben's and Fibremakers, to name just a few. It is another example of the environmentally responsible programs the Bracks government has delivered to reduce greenhouse gas emissions while supporting Victorian businesses.

TRANSFER OF LAND (AMENDMENT) BILL

Second reading

**Debate resumed from 13 June; motion of
Hon. C. C. BROAD (Minister for Energy and Resources).**

Hon. PHILIP DAVIS (Gippsland) — The Liberal Party will be supporting the Transfer of Land (Amendment) Bill because it continues the process of modernisation of the Land Registry process.

The bill amends the Transfer of Land Act 1958 to provide for new Crown grants of freehold to be converted to electronic form when the registrar receives them. As stated in the explanatory memorandum to the bill:

It also provides for power for the Registrar of Titles in relation to being able to not destroy certificates of title which are no longer current and not to produce a certificate of title for every folio of the register in limited circumstances.

In addition, the bill provides a new regulation-making power to allow for differential fees in certain circumstances.

To put debate on the bill in context I will give some background of the Land Registry functions. Land

Registry, which is a division of Land Victoria within the Department of Natural Resources and Environment, is responsible for maintaining and updating the state's land titles register, which is the main repository of land information. It is also responsible for creating titles for new parcels of land and providing access to information from the register and associated documents to a range of interested parties, including banks, solicitors, real estate agents and individuals. Further, it is responsible for storing registered documents that are required for inspection.

I will quote from the *Report on Ministerial Portfolios* of June 2001 by the Auditor-General of Victoria. The report states at paragraph 3.5.28 on page 253:

In its current form, the land titles register comprises a collection of mainly paper-based land titles and supporting documentation including:

3.9 million land titles of which 2.5 million are current and 1.4 million have been cancelled;

300 000 plans which define the boundaries of new land parcels created through subdivisions;

270 000 survey reports which contain documents prepared by land surveyors in support of plans of property subdivision; and

13 million instruments which are source documents for new details registered on land titles including mortgage amendments, transfers of land titles to a new proprietor, caveats and creation of multiple land titles from existing land titles.

Paragraph 3.5.29 states:

Land Registry operations cover a significant area of activity with over 800 000 title searches and 700 000 dealing transactions undertaken each year. Annual revenue collections from this area of activity approximates \$130 million. Land titles, dating back to the 1850s, occupy over 9043 linear metres of storage space within the Land Registry premises.

It is important to note that efforts to automate the Land Registry have had the support of successive governments for more than a decade, and therefore a short outline of the steps taken to automate the Land Registry is relevant to considering aspects of this bill.

In 1989 the automated land titles system was introduced to enable the initial automation of the land titles register involving the conversion of paper titles to computer titles. In 1991 approximately 28 per cent of paper titles were converted to electronic format by in-house staff. In 1992 the automatic land titles system was expanded to enable the online update of computer folios by Land Registry and to facilitate remote title search by interested parties.

In 1993 conversion of paper titles to an electronic format within the automated land titles system was suspended due to lack of resources, with only 28 per cent of titles converted. In 1994 a Department of Premier and Cabinet report on the business operations of the then Land Titles Office, now referred to as the Land Registry, recommended automation of all paper titles. During the period 1995 and 1997 a proposal to attract private sector funding for the titles automation process was unsuccessful.

In August 1997 approval was obtained from the Treasurer for the automation of all land titles, known as the titles automation project (TAP), with initial funding of up to \$62 million and the final funding allocation to be determined once tenders were received. New tenders for titles automation services were called, with the cost of automation to be funded from excess fees generated from the former Land Titles Office operations.

In 1998 tender evaluation was completed and three contracts were entered into for the project management services, land titles data conversion and development of the new Victorian online titles system. In 1999 implementation of the TAP was commenced. In 2000 there was a revised cost estimate of \$91.6 million, and a revised completion date for the initial implementation was set for 2001, with minor enhancements to the system to be finalised by 2002.

The important issues in the bill turn on clauses 9, 4, 8, 5, 6 and 7. I will start with clause 9, which the opposition regards as the most significant clause in the bill because it legislates for the setting of differential prices for Land Registry services provided by the Internet or by electronic means. The regulation-making power will ensure that proper public consultation takes place through the regulatory impact statement process. Although a new power is created to set differential fees and the services will be delivered in a modern format more efficiently than was done with paper-based services, differential fee-setting arrangements will still be needed for the different levels of service being provided.

Clauses 4 and 8 of the bill amend the present requirement to create a duplicate when making a Crown grant of land so that the Registrar of Titles may immediately convert such a Crown grant to electronic format in accordance with the manner in which the bulk of land titles and related information is now held.

Clause 5 amends the current requirement for the Registrar of Titles to create copies or extracts of the original title information held by the registrar, which is cumbersome and serves no purpose when the new title

has been created but is cancelled immediately within the Land Registry.

Clauses 6 and 7 do away with the mandatory destruction of old or historic certificates of title and allow the registrar to save out-of-date certificates of title so long as the certificate of title is altered so it is clear it can no longer be used to support land transactions.

The bill, although small and complex, is an important step in the evolving process of automating land titles. I wish it a speedy passage.

Hon. P. R. HALL (Gippsland) — I am pleased to indicate the National Party's support for the Transfer of Land (Amendment) Bill. The bill contains straightforward amendments that will benefit those accessing land title information and makes the administration of the Land Registry in Victoria more efficient. Honourable members are told in the second-reading speech that Victoria has approximately 3.8 million land titles. We are also advised that almost all of those have now been scanned and are available online — an enormous effort, given the number of land titles in Victoria.

As the Honourable Philip Davis said, the Auditor-General's most recent *Report on Ministerial Portfolios* contains helpful background and comments on the automation of the land titles register. I will not go through that because the Honourable Philip Davis has already done so extensively, but what stuck in my mind after looking at the report was the sheer volume of requests made to the Land Registry in any one year. The Auditor-General tells us that in any one year the Land Registry covers something like 800 000 title searches and several hundred thousand dealing transactions. Certainly the Land Registry's services are in demand!

The Auditor-General's comments about the expected reduction in processing times for land title transactions produced some remarkable figures. For example, the current service time for computerised titles is about 1 hour and it is estimated that the automated service time will be less than 2 seconds — a dramatic reduction in time. Currently the service time for transactions involving instruments is 24 hours and with automation that service time will be somewhere between 1 and 10 seconds. The current service time for registrations of documents lodged is three weeks for 80 per cent of the dealings received and under automation that will come down to less than 15 minutes for simple dealings and 1 to 5 days for complex dealings. Those dramatic improvements in response times will bring about

efficiencies in dealing with matters associated with land titles.

The advantages are particularly important for people living in country areas. When land title searches had to be conducted by manual means the turnover time was significant. People from country Victoria could not always go directly to the Land Registry, as it is now called, and would often use a Melbourne agent to receive an over-the-counter service on a title search. Now all that can be done online, with a significant saving in time and increased efficiency for country Victorians.

The bill enables the setting of fees by regulation for online services. Currently the fee structure is based on an over-the-counter service provided by the Land Registry, and whether there will be a reduction in fees for online services remains to be seen. It will be an interesting exercise to see what the new fees will be. The National Party hopes they will be reduced, particularly given the savings in administration time for the requests through the registry. In any case I understand the fees will be set by regulation, so there will be an appropriate period for public comment in the setting of those fees through the regulatory impact statement process.

The bill also enables out-of-date paper certificates of title to be saved for historic purposes. I think that is important. A lot of Victorian land titles are fascinating to read and set out the full history of the lands. Some of the titles that would normally be destroyed have historical significance. I am pleased the bill enables such documents to be kept from destruction so they can become part of the history people seek to read from time to time. As I understand it, those to be saved will be clearly marked to show that they do not represent a current certificate of title for the piece of land they relate to.

The bill does two other things. It enables a Crown grant of land to be immediately converted to electronic form, and when land is resold quickly — for example, through off-the-plan sales — there will be no requirement to produce a duplicate certificate of title. The National Party agrees that they are commonsense amendments.

The National Party has consulted with both individuals and organisations on this bill and has received overwhelming support for it from the people with whom it has consulted. A couple of people expressed some concern about the ability to set fees for transactions conducted by the Land Registry and for online services. They made the point that people should

not be discouraged from visiting the office of a public register because of differences in fees for visiting the office and receiving online services. That is a fair point. The difference between the fees should not be so great as to discourage people from visiting the office in person.

Another concern was that fees might be charged for basic services and that higher fees might be charged for more complex or non-basic information supplied by the Land Registry. My answer to that was that the matter should be addressed by the regulatory impact statement process. If people have concerns about that, they will be able to express them through the RIS process.

I need say no more than that I am pleased to add the National Party's support for the bill, which is supported by all those the National Party has consulted.

Hon. S. M. NGUYEN (Melbourne West) — I join with my colleagues from the opposition side of the house to speak in favour of the Transfer of Land (Amendment) Bill. This bill is very important in the modern world in which we live. These days everything is computerised.

I remember the house debating the Electronic Transactions (Victoria) Bill last year and discussing the need to have all government departments and offices comply. Today we are discussing the Transfer of Land (Amendment) Bill. Its provisions will be very helpful in encouraging people to use computer services to search for titles. It will be helpful in changing the way customers deal with government departments.

It is important that land titles be kept in electronic form. In the past when people have wanted to get a land title they have had to go to the Land Registry head office in the city for the service, and that takes a lot of time. It is hard for people living far away from the city to get to the city and visit the office. The bill is designed to build customer service. Despite offering the new services, the Land Registry will continue to offer the services it has traditionally run. The provisions of the bill will save a lot of time for the office as well as the public.

By way of example I refer to the June 2001 Auditor-General's *Report on Ministerial Portfolios*. Page 255 gives an overview of the current titles automation project and talks about the time saved by processing computerised titles. The current service now takes an hour, but with the automated service it will take less than 2 seconds, which is vital. Processing paper titles now takes 24 hours, which I am sure will be shortened. Processing instruments also takes 24 hours, which will be reduced to 10 seconds. For 80 per cent of

dealings the registration of lodged documents takes three weeks; it will now take less than 15 minutes for simple dealings and 1 to 5 days for complex dealings. That is a marvellous improvement. Agents or lawyers will be able to use the online services to help their customers.

The bill also provides for other services. It amends the Transfer of Land Act 1958 to provide for new Crown grants of freehold to be converted to electronic form when the registrar receives them. It empowers the Registrar of Titles in limited circumstances not to destroy certificates of title that are no longer current and not to produce a certificate of title for every folio of the register. In addition the bill provides for a new regulation-making power to allow differential fees to be set in certain circumstances.

Clause 1 of the bill deals with Crown grants. There are about 1000 Crown grants a year. They apply especially to the transfer of small blocks of Crown land to individuals in rural farming areas. The online service will be convenient for people who live in rural areas.

The bill gives power to the Registrar of Titles to preserve out-of-date certificates of title. The record is important. The transfer of titles is a significant part of the bill.

I also refer to clause 5, which amends section 27B of the principal act and inserts proposed subsection (7A). That provision is not a general power to do away with the need to create certificates of title but is limited and applies only to matters internal to the Land Registry where the certificate of title would be immediately destroyed because of a following dealing. After all the transactions have been registered a certificate of title must still be created and issued out of the Land Registry for the final form of the folio.

I refer to page 253 of the Auditor-General's *Report on Ministerial Portfolios*, which states that the Land Titles Register comprises about 3.9 million land titles of which about 2.5 million are current and 1.4 million have been cancelled. About 300 000 plans define the boundaries of new land parcels created through subdivision. Also, there are 270 000 survey reports which contain documents prepared by land surveyors in support of plans of property subdivision. There are 13 million instruments which are source documents for new details registered on land titles including mortgage amendment, transfer of land titles to new proprietors, caveats and creation of multiple land titles from existing land titles.

We have a strong market and this computerised system will help staff with paperwork and allow them to keep a record of the land's history. That is important because we want to know what the land has been used for, who was the first person who occupied the land, and how many times it has passed to other people.

Those changes are vital for Australia, especially for local councils. Local councils spend a lot of time dealing with land and I am sure it will help them to get access. It will also save time for their staff because significant time is spent looking up information. This measure will be helpful and will speed up the process.

In the second-reading speech the minister outlined the bill's significance to the Victorian community, especially regional Victoria. I support the bill because it will help customers, especially those from Victorian regional towns.

Motion agreed to.

Read second time.

Third reading

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

That this bill be now read a third time.

I thank the Honourables Philip Davis, Peter Hall and Sang Nguyen for their support of the bill, which will facilitate the online delivery of land titles information.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

DUTIES (AMENDMENT) BILL

Second reading

Debate resumed from 12 June; motion of Hon. C. C. BROAD (Minister for Energy and Resources).

Hon. D. McL. DAVIS (East Yarra) — The opposition does not oppose the bill, which is a machinery measure in every sense of the word and makes a number of relatively small changes.

Honourable members will be aware that recently a long rewrite of the stamp duties legislation was undertaken. It was in the interests of everyone, and it went back a

number of years, involving the activities of a range of governments around the country.

It was well understood by the opposition and in fact was begun when Mr Hallam was Minister for Finance. Those changes were, in general, welcome and at the time many realised that a number of refinements would flow from that rewrite and that is indeed largely what we see today.

A number of minor corrections are made by the bill, including one to an error in the equalisation factor for the City of Melbourne, and the bill provides for recognition of the Bendigo Stock Exchange, matters which are both significant.

I comment also on the treatment of industrial organisations. The idea raised many eyebrows within the opposition and more widely in the community when it was first mooted. The changes affecting the arrangements for aggregation provisions so that they apply to land used continuously for primary production have wide support. The exemption from aggregation was part of the previous legislation, and the current measure clarifies the situation and is welcomed by the opposition.

I mention also the equalisation factor for the City of Melbourne, which was a concern. The simple error is being corrected by the bill. It is important to recognise that such errors need to be corrected because the impact on many ratepayers would have been significant. I understand the City of Melbourne will ensure that no ratepayer is disadvantaged and that refunds where overpayment has occurred will follow. The house would understand that it was a simple calculation error with respect to the equalisation factor in the rating arrangements for the City of Melbourne.

The recognition in the bill of the Bendigo Stock Exchange is important, not only for Bendigo but for regional Victoria generally. It is very important and of considerable long-term significance. As opposition members visit Bendigo, we welcome the strengthening of the financial sector in and around Bendigo and the presence of the Bendigo Bank. The stock exchange will enable the Bendigo financial community to build a small but significant position in the financial services sector in a constructive way to create both jobs and a point of competition more broadly in that sector. The symbolism of a country Victorian exchange having this role cannot be overstated.

The bill gives a tax break to industrial organisations, which are defined by clause 3, the definitions clause.

Clause 8, which inserts new section 48A headed: 'Amalgamation of industrial organisations', states:

No duty is chargeable under this Chapter in respect of a transfer of dutiable property made under, or in accordance with, the rules of an industrial organisation, if the transfer is made to another industrial organisation as a consequence of the amalgamation of two or more industrial organisations.

I was surprised to see that provision. While on the surface it applies evenly to employer organisations and trade unions — and perhaps professional associations on one interpretation — it is driven out of the Trades Hall Council. During the briefings we obtained I was surprised to hear that there had been a single request that the change be made. We were not told it was from the Trades Hall Council, but were left with that very clear implication.

Hon. Jenny Mikakos — It could have been from VECCI!

Hon. D. McL. DAVIS — I do not believe the request came from the Victorian Employers Chamber of Commerce and Industry. It has a trade union background — and I understand the Labor Party has to provide some sustenance to organisations that give financial and other resources to it.

It was claimed that the bill is part of national template legislation and reflects a similar position in New South Wales. That may well be, but it does not apply in all Australian jurisdictions. It certainly does not apply currently in Western Australia.

I asked a number of questions at that briefing such as: what community consultation had been undertaken on this matter? The answer was: none — so much for a consultative government! I asked also if there was an estimate of the cost and whether people were aware of any outstanding amalgamations that would fall within the provisions of the bill, and people indicated that no estimate whatsoever had been undertaken of the cost.

I find it surprising that the government would make what is in effect a taxation move without assessing the impact of the cost in some way. I suspect that one could mount an argument that this is reasonable where organisations are amalgamating, but equally countervailing arguments could be mounted. I believe this is a case of Labor Party steps at their worst. I believe this reflects a decision of the government to provide some kind of — —

Hon. Jenny Mikakos — Do you think unions are amalgamating at the moment?

Hon. D. McL. DAVIS — I do not. Why the urgency for this?

Hon. Jenny Mikakos — It all happened in the 1980s.

Hon. D. McL. DAVIS — Well, why the urgency for this? That is the question.

Hon. Jenny Mikakos — It is a minor change.

The ACTING PRESIDENT
(**Hon. R. H. Bowden**) — Order! Comments through the Chair, please.

Hon. D. McL. DAVIS — If there are no unions amalgamating, why is this clause being inserted into the legislation? That is the issue. I make the point that the opposition has some reservations about that clause.

However, the opposition is aware that much of the rest of the legislation is sensible and aims to tidy up aspects of the sensible rewrite of the duties legislation undertaken over a lengthy period. The opposition supports aspects relating to primary producers. It is very much aware of the need to deal with the equalisation factor errors with regard to the City of Melbourne. It is also aware of the need to give appropriate recognition to the Bendigo Stock Exchange, which this bill furthers in a constructive way.

I do not wish to say a great deal more about this piece of legislation. I reiterate that the opposition does not oppose it. I support the general steps being taken with regard to rewriting the duties legislation. As I said earlier, in large part this bill is a flow-on from that and the natural minor changes that need to be made.

Hon. R. M. HALLAM (Western) — The National Party supports the Duties (Amendment) Bill, which is, I hope, not surprising, given that it also supported the Duties Bill, the parent bill, when it was debated in this chamber last November. I will not repeat the commentary I offered the Parliament at the time that bill was debated. However, I simply remind honourable members that the reform of our duties legislation began way back in 1993. It represented a massive task, because it required the government of the day to plough through 100 years of history. The task was made even more remarkable because that ploughing process was made possible, or perhaps more effective, by the enormous amount of cooperation we achieved across the jurisdictions.

The process was driven by the objective of uniformity across state borders and the harmonisation of the statute books of the individual jurisdictions. The thesis that

drove that process was that harmonisation would lead to better understanding and greater compliance at less cost and also might address the issue that had emerged in respect of forum shopping. What we saw in 1993 was a breakthrough — a new dawn of rationality and understanding across state borders. That is relevant because the ploughing process that I spoke of was made even more difficult because it did not relate just to 100 years of history, but to 100 years of history dedicated to states pursuing differences rather than uniformity. There was a very rich history in the background.

In any event, the National Party supported the Duties Bill, which represented the very last step in the program of duty harmonisation across the state borders. The National Party supports this bill because it addresses some minor adjustments and clarifications that have emerged in the practical application of that major reform outcome. The National Party notes that the new regime will apply from 1 July this year.

It might also be noted that the National Party predicted that a bill similar to this would probably be required given the dimension and complexity of the rewrite task undertaken. The National Party is satisfied that the changes included in this bill are consistent with the original intent of the reforming legislation.

The particular changes are fairly basic, and I want to speak about four of them. The first is a specific exemption from all duty that is to be applied to transfers prompted by amalgamations of trade unions and employer organisations under the Workplace Relations Act. The National Party is told that by and large this is consistent with the legislation of other jurisdictions. It is also told that the revenue impact of this change is absolutely minimal, and on that basis the National Party is prepared to conclude that that is fair enough and it will not raise an objection to that initiative.

Secondly, I refer to the formal recognition of the Bendigo Stock Exchange, which is expected to commence operation later this year. I understand that other jurisdictions will follow suit, if they have not already done so, in respect of that recognition, but in any event I am delighted to have the chance to extend the congratulations of the National Party to all who have been concerned with the establishment of the Bendigo Stock Exchange. I suggest that it is a very good day for Bendigo. It is quite historic and indeed may be a very good day for regional Victoria as well.

The third point I make is that the bill makes a change to the application of the aggregation provision in respect of stamp duty, particularly as it relates to primary

production properties, and on that basis it is a substantial issue for rural Victorians.

By way of background I point out that under the existing administrative rules land used for primary production can be disaggregated to its constituent titles when being transferred, and given that stamp duty applies on a sliding scale, substantial savings are involved in that transfer as a result of that disaggregation.

I can cite instances where duties have been reduced by several thousand dollars as a result of the ability to disaggregate the property being transferred into its constituent titles. Because of an oversight the original Duties Bill debated last November did not include an equivalent provision, and when the omission was discovered the hackles went up across country Victoria.

When that issue was drawn to my attention I wrote to the Treasurer on 18 April and highlighted the extent to which the rewrite of the Stamps Act had imposed an unintended consequence, because section 24 requires that where there are multiple titles involved in a particular property transaction, the value of those titles should be aggregated for duty purposes. I pointed out to the Treasurer that revenue ruling SD.019 provided that under the previous regime duty was assessed on the component titles. I said that in my view the new arrangement represented a windfall gain for the State Revenue Office and was an unintended burden on the rural community. I asked the Treasurer, in the same spirit that saw the National Party provide support for the reforming legislation, to include the required amendment in a taxing bill this session to address the anomaly prior to the commencement of the new duty regime from 1 July.

I am pleased to put on the record the response I received from the Treasurer in a letter dated 10 May. He thanked me for my letter, acknowledged the anomaly and said he shared my concern that this aspect of section 24 of the act may impose a financial burden on the rural community.

The Treasurer made the point that the benefit derived from these provisions was intended to assist those engaged in primary production. He also stated that:

The importance of this benefit to primary producers appears to have been overlooked in the pursuit of interstate uniformity during the stamps rewrite project.

He went on to say that the government intended to amend the act to exclude from its aggregation provision land that will continue to be used for primary production.

I am delighted with that response, and I commend the Treasurer for his preparedness to hear the argument and to initiate the appropriate amendment. In my view, this is not just an effective response to the inquiry I raised, but is a better solution than that which originally applied. Now we have the guarantee of relief for those involved in this issue written into the law. That is better than having to rely on an administrative order, as occurred in the past. That is a good outcome, and I am delighted to commend the response of the Treasurer.

The Valuer-General recently advised the State Revenue Office that the equalisation factor for the City of Melbourne was incorrectly notified, which meant that some 8000 land tax assessments already issued by the commissioner overstated the tax by about 8 per cent. The bill corrects that equalisation factor, and we are advised that the commissioner intends to adjust the instalment on the final notice, where that is appropriate, or issue a refund in respect of the overpayment where the entire tax has been paid.

I had intended to explain to the chamber the relevance of the equalisation factor, but I cannot remember it exactly. I know it is an involved story.

The bill is a housekeeping measure and contains no new initiatives. The changes it introduces are required to accommodate the intent of the initiatives previously announced. I am pleased to confirm that the bill is supported by the National Party.

Hon. JENNY MIKAKOS (Jika Jika) — I am pleased to make a short contribution in support of the Duties (Amendment) Bill. It is a shame that the Honourable Bill Forwood is leaving the chamber, because yet again this is another important initiative of the government that affects compliance costs for small business in this state.

In November last year I had the pleasure of participating in the debate on the Duties Bill and, like the Honourable Roger Hallam, I will not go over old ground; suffice it to say that the Duties Act 2000, which will commence operation on 1 July, is significant legislation in that it seeks to achieve uniformity across jurisdictions and to modernise and simplify the stamp duty regime in this state.

At the present time all jurisdictions other than the Northern Territory are participating in the stamp duties rewrite process. I understand a considerable amount of discussion and consultation has occurred between the various participating jurisdictions and that the government consulted with industry and practitioners in this state. As a result of the discussions the government

has introduced the amending bill, which seeks to make a number of mostly minor and technical changes to the Duties Act.

The amendments are mostly minor and technical in nature; they have been introduced to correct minor errors and omissions and to clarify the position in a number of areas. Where the bill includes a number of policy changes, the changes are minimal in nature and are consistent with the nature of the Duties Act as a whole. Where the bill contains policy changes, the government's view is that these arrangements ensure that the Victorian legislation is consistent with that in other jurisdictions and meets the needs of Victorian business.

I shall outline briefly the policy changes contained in the bill. As previous honourable members have indicated, one of those changes relates to a new exemption from stamp duty for trade union and employer associations that transfer dutiable property pursuant to amalgamations under the Workplace Relations Act. Currently New South Wales has such an exemption. As I indicated earlier by way of interjection, most union amalgamations occurred during the 1980s, and it was anticipated that this exemption will have a minimal revenue impact. The exemption also applies for the benefit of employer associations. I would be surprised if the exemption is used on a frequent basis. I expect it will be minimal in its impact.

The other policy change relates to the inclusion of the Bendigo Stock Exchange as a recognised stock exchange under the act, as is the case currently with the Australian Stock Exchange and the Newcastle Stock Exchange. It is anticipated that the Bendigo Stock Exchange will commence trading later this year. I welcome that initiative and expect that it will have a positive impact for regional Victoria.

The other minor change relates to the abolition of the use of duty stamps as a means of paying court fees, which will now be payable by cash, cheque, electronic funds transfer at point of sale, EFTPOS, or other electronic means. The Department of Justice has made an assessment that duty stamps are rarely used in this electronic age, and I expect that few legal practitioners would be concerned about this change. Any legal practitioners currently holding such duty stamps will be able to obtain refunds by cashing in their stamps.

The other significant change in the bill, as the Honourable Roger Hallam indicated, relates to the requirement to aggregate for duty purposes transfers of primary production land that are included on separate land titles. The intention always was that the provisions

in the Duties Act should replicate those in the Stamps Act, but unfortunately it appears that the aggregation provisions across the two acts are not the same. Currently section 24 of the Duties Act provides that duty is payable on the aggregate of the total value of dutiable property transferred where two or more instruments of conveyance of real property arise from a single agreement or from substantially one transaction or series of transactions. If aggregation occurs the value of the land affected will fall into a higher duty bracket and a primary producer will end up paying more stamp duty.

In contrast to the Duties Act, the previous provisions of the Stamps Act provide that an exception applies to the requirement to aggregate where property is transferred in separate parcels. The amendment ensures that section 24 of the Duties Act does not apply when the commissioner is satisfied that the land is intended to be continuously used for primary production purposes. A purchaser seeking to obtain the benefit of this exemption will have to lodge a declaration to that effect in a form approved by the commissioner. I welcome that change in the bill because of concern raised by primary producers wishing to expand their land holdings for primary production purposes or transfer property to other members of the family. I am sure the amendment will seek to alleviate their concerns in that respect.

The bill seeks to amend a number of other technical and minor changes. It is not necessary, given the tripartite agreement, to go through the bill in detail, suffice it to say that some of the more important technical changes relate to the streamlining of the mortgage duty provisions following discussions between the various jurisdictions participating in the rewrite process. The provision relates to the pro rata credit that applies to mortgages that secure property located in Victoria and other jurisdictions. The amendments to those provisions ensure that compliance costs for Victorian businesses will be considerably reduced. In addition, the changes ensure the risks of double duty are eliminated.

The bill contains other minor changes to the Duties Act. Clause 7 seeks to replicate the current exemption available in the Stamps Act where dutiable properties transfer to a person as a result of the retirement of a trustee or the appointment of a new trustee or where a property vests in a trustee entitled to hold that property for the time being. That exemption is not available in other jurisdictions, but it has been retained in the Duties Act as it is currently an exemption available under the Stamps Act.

Another minor amendment is to the rental business duty provisions. It seeks to correct an error whereby section 146 incorrectly refers to \$10 000, being the amount of duty rather than the total of the hiring charges received by a commercial hire business. The figure being substituted is \$1 333 333. Although that may appear to be a large sum I assure the house that the amendment merely corrects an error and will not result in any increase in the rental business duty payable by Victorian businesses.

The other minor change to the Duties Act relates to a correction to the equalisation factor applicable to city of Melbourne payers of land tax. I understand the equalisation factor for the city of Melbourne provided to the Commissioner of State Revenue by the Valuer-General was 1.14, whereas it should have been 1.06. The amendment seeks to rectify that error. Although about 8000 land tax assessments in relation to the city of Melbourne have already been issued, the commissioner has taken steps to inform relevant taxpayers that their liability to land tax has been incorrectly assessed and affected taxpayers will be entitled to seek a refund if they have paid too much land tax.

I welcome the fact that this technical bill is receiving tripartite support. I look forward to the commencement of the new duties legislation in July, as it will streamline the application of stamp duty in Victoria and reduce compliance costs for Victorian businesses.

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — Ms Mikakos commenced her contribution to the debate by saying the legislation is an important initiative of the Labor government. I was somewhat perplexed, having examined the bill and after listening to her contribution, to determine exactly what in the legislation could be described as an initiative because it has only one purpose, or possibly two purposes. Its primary purpose is to correct errors in the Duties Act that the house passed last November.

I refer the house to the introductory paragraph of the explanatory memorandum, which states:

The object of this bill is to make technical amendments to the Duties Act 2000, prior to its commencement on 1 July 2001. The primary purpose of these amendments is to clarify a number of the provisions within the Duties Act, as well as make certain adjustments, where necessary, to ensure that the Victorian legislation is consistent with that in other jurisdictions. The bill makes some minor policy changes, including providing a new exemption for transfers of dutiable property resulting from the amalgamation of industrial organisations.

The bill also makes a minor technical amendment to the Land Tax Act 1958.

Hon. R. M. Hallam — Would you settle for ‘minor’ initiatives?

Hon. G. K. RICH-PHILLIPS — I do not know that I could settle for any initiatives, Mr Hallam. The introductory paragraph is bureaucrat-speak — dare I call it Sir Humphrey-speak — for, ‘This is a bill to fix up the principal act which we messed up when we introduced it last November’. In essence, with the exception of the provision dealing with the amalgamation of industrial organisations, that is largely what the bill does: it fixes up errors made in the legislation last November.

It is a worrying trend with the Bracks government. Legislation is hastily brought before Parliament, having been poorly prepared, and then requires amendment. Last week the other house dealt with the marine national parks legislation after the government had sworn black and blue that the compensation provisions would not apply in a blanket manner across the state, only to have to reverse its position and say, ‘We made a mistake on that’.

Hon. R. M. Hallam — No, the drafting service made the mistake.

Hon. G. K. RICH-PHILLIPS — Yes, the draftsman made the mistake — the government was not responsible.

Hon. R. M. Hallam — The minister wiped her hands of that responsibility.

Hon. G. K. RICH-PHILLIPS — It is always somebody else’s responsibility.

It is a concerning trend that legislation is brought to this house with errors that require amending legislation six months later to correct it. It is fortunate that that legislation has not come into effect yet, and therefore those errors have not had a significant impact on the people who are affected by the Duties Act.

I place on the record that it is a concerning trend that we are seeing numerous pieces of legislation come before the house with errors that have been allowed to slip through for whatever reason, and subsequently legislation containing errors is passed by this Parliament.

Hon. C. C. Broad interjected.

Hon. G. K. RICH-PHILLIPS — There are some changes in this legislation that do not relate to the fixing of errors, and the honourable members who have spoken before me have touched upon those. One of the

more interesting ones that I would like to touch upon is clause 8 in part 2 of the bill, which relates to the duty exemptions for the amalgamation of industrial organisations under the Workplace Relations Act. I took the time to get a copy of a list of organisations that are registered under the Workplace Relations Act. There are a total of 114 organisations registered as at 14 June under that act. There is probably a fifty-fifty split between employer and union organisations, but I cannot help but think that this provision in the legislation was put in place primarily with a view to the amalgamation of union-type organisations.

It is the reality that union organisations are more likely to amalgamate than employer-type organisations. That has obviously been the history through the 1980s, and Ms Mikakos touched on that. So there is no doubt in my mind that that provision was put in the legislation with a view to assisting trade union organisations. It is one of those provisions that gives rise to questions of why it exists and what is special about it. I understand that this is template legislation, but what is special about employer and union organisations that dictates they should have exemptions from duty where other organisations do not?

It is similar to the question asked in relation to this morning's bill about seemingly unexplained exemptions for sporting organisations from payroll tax and fringe benefits tax provisions. Again, it would be interesting to hear an explanation from the government for its inclusion in the bill other than that it is template legislation.

Another clause of interest is clause 26, which relates to the abolition of duty stamps as a method by which legal fees can be paid. As Ms Mikakos commented, that was done at the request of the Department of Justice. It goes to demonstrate how anachronistic the notion of duty stamps is today when we have electronic funds transfer at point of sale or EFTPOS, and other forms of electronic transfer of funds for the payment of fees and charges.

In a similar vein — this is a matter I touched on in the original debate on the principal act — it raises questions about the whole notion of duties themselves, why we continue to levy duties on capital transactions, whether this is a practice we can continue into the future or whether we will be overtaken by other jurisdictions with the abolition of these types of charges. As I said at the time of that debate — I will not go into detail again — it seems increasingly anachronistic that when the domestic economy is increasingly participating in the global economy and capital flows are becoming

freer, we continue to tax those capital flows. You have to wonder for just how long that can continue.

The third clause I will pick up is clause 32, which goes to the issue of land tax equalisation and amends the Land Tax Act. I think Mr Hallam commented on this issue in his contribution. The provision arose from an error, with the wrong equalisation factor being supplied to the State Revenue Office — a figure of, I understand, 1.14 rather than 1.06 having been used for the calculation of land tax that relates to the City of Melbourne. Of course, that is a significant difference, and no doubt those land tax payers who have been affected by this provision and subsequently will receive a refund will be very grateful for that. It would be churlish of me to comment on the retrospective aspect of that provision, because I doubt that anyone who is affected by this change in the bill will be upset by the fact that it is retrospective. I make the point that it is not an error of government; that provision in the bill exists solely to correct an error.

I understand honourable members are on a tight schedule this afternoon. The Liberal Party does not oppose the legislation. However, in conclusion I note that largely the bill would not be required had the government done its job correctly in the first place when introducing the legislation. I hope when future legislation is introduced into this house it accurately reflects the government's intentions so that we do not have to come back six months later and pass an amending act to correct errors.

Motion agreed to.

Read second time.

Third reading

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

That this bill be now read a third time.

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

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

VICTORIAN MANAGED INSURANCE AUTHORITY (AMENDMENT) BILL

Second reading

**Debate resumed from 12 June; motion of
Hon. M. M. GOULD (Minister for Industrial Relations).**

Hon. D. McL. DAVIS (East Yarra) — In beginning my contribution to the debate, I note that the opposition does not oppose the bill. The Victorian Managed Insurance Authority (VMIA) is a body that functions well. In reviewing information on the bill I spent some time going through the authority's annual report and was impressed by the leanness of the organisation and its clear focus. I place on record that the body was established by the Kennett government in 1996 and performs a very useful task indeed. Its function is to provide insurance and risk management services to departments and other budget sector entities across the state. It aims to provide timely insurance and risk management to its clients in a high-quality, cost-effective way.

At the briefing the opposition was provided with on the authority and the amendment bill it was advised that as at May of this year approximately 130 departments or public bodies were involved with the authority. The process, as I understand it, is that currently bodies are able to opt into the system and use the services of the authority to enable them to manage their risk and insurance requirements. In essence the bill shifts the onus and provides that bodies will no longer have to be gazetted one by one. They will not have to opt into the system but will be required to be part of it unless for some specific reason they do not seek to do so. It is a small machinery change that I believe will work reasonably well.

Participating bodies range in character across a number of government bodies and departments. Some smaller authorities around the state apply individually and others are collected under a departmental umbrella or structure. The bill aims to ensure that all bodies that receive more than 50 per cent of their funding from the consolidated fund will be brought in as participating bodies and that the state will be considered to have a controlling interest in any body where the state has the power to appoint at least 50 per cent of the board. The opposition has no concerns about those aspects of the bill. It understands that risk management and insurance are of great significance at the moment, and I believe the community has been very focused recently on ensuring that risk and insurance is properly undertaken. Honourable members have seen the spectacular example of HIH Insurance, where a major insurer has

been in considerable difficulty and has left great devastation in the community.

For that reason I believe it is a timely reminder that government risk and government insurance are equally important and need to be focused on carefully by the bodies involved. Proper processes of risk management need to be in place. It is necessary to ensure not only that the risk is managed but that the insurance is placed in a sensible way that aggregates it and provides it at a rate that maximises the benefits the government or an authority like the VMIA can obtain.

I do not have a great deal to say about the bill other than to note those points and that there are a number of minor aspects of it that simply tidy up the legislation. In general the opposition does not oppose the bill. It places on record its support for the VMIA and its ongoing work. I personally want to place on record the need for caution at this point. We have had a timely reminder of the need for proper risk management and reasonable insurance arrangements.

Hon. R. M. HALLAM (Western) — The National Party supports the Victorian Managed Insurance Authority (Amendment) Bill because it is a very good bill. The Victorian Managed Insurance Authority (VMIA) was established in 1996 to add an even greater commercial and arms-length focus to the identification, quantification and management of risk across the public sector. It should come as no surprise to any member of this chamber that I personally support this bill, and indeed the Victorian Managed Insurance Authority, because I was the Minister for Finance at the time it was conceived, so I freely admit to being biased in its favour.

Prior to 1996 the role of risk assessment and management was undertaken via an in-house arrangement under the aegis of an organisation entitled the Managed Insurance Fund, which was a division within the Department of Treasury and Finance (DTF). The VMIA concept was introduced because the management of risk across the public sector is quite different from that within the private sector. Public sector expectations are quite different from those in the private sector, and that is clearly a product of the fact that the public sector operates within a goldfish bowl.

Also, public sector risk management is a bit more sensitive because government has traditionally taken the role of self-insurer for the big-ticket calamity events, and there is a tendency for the self-insurance mentality to lull agencies into a false sense of security — that is, the 'She'll be right, mate' mentality.

The fact that the previous organisation, the Managed Insurance Fund, was part of the DTF raised some other concerns as well. The Managed Insurance Fund was a very good halfway house that did some really good work in risk management, but it was still part of the Department of Treasury and Finance and tended to be seen as part of a central agency or as part of Big Brother, so there was some criticism of it in that context.

The thesis that underpinned the establishment of the Victorian Managed Insurance Authority was the need to establish a freestanding, commercial and perhaps even more hard-nosed approach to risk management. The government pursued the concept that the discipline for risk management should come from the reality of the risk rather than from the fact that a central agency was responsible. The notion of a central agency saying, 'We know what's good for you,' may not have driven the right discipline. Thus the VMIA was born with a truly commercial and no-nonsense approach to risk assessment and management.

An expert independent board was established under the chairmanship of Keith Fitzmaurice, who is well known for his shrewd and wily ways. The board was given a proactive role, not just to negotiate cover for government agencies but also to provide expert support in the identification and minimisation of exposure and to arrange the appropriate cover, either directly or via an agency of reinsurance.

The organisation was to ensure that pricing policies were appropriate, that reserves were sufficient and that there were satisfied clients throughout the public sector. It was a truly commercial arrangement based, as I said, on the hard-nosed concept of risk assessment and expert support.

The Victorian Managed Insurance Authority, for its part, was given the right to require cooperation of participating bodies throughout the public sector. I acknowledge that some of those bodies had no say in where they would be required to secure their cover from. However, it was very important that a central and independent organisation was able to monitor the asset register across the public sector and assess the risk management strategy at an agency level.

The VMIA's responsibility also extended to the arrangement of cover and monitoring of the performance of service providers, but more importantly, to the fact that responsibility extended to the consolidation of results and their reporting at a whole-of-government level. Five years on, this bill gives us a chance to reflect upon the performance of

that organisation. The bill demonstrates more than anything else that the initiative taken in 1996 was operationally appropriate.

Approximately 130 agencies are covered by the VMIA. I am assured that the organisation receives general support from the clients themselves, which is perhaps the most appropriate commercial test. I understand that most of the organisation's clients are happy with the assistance they are offered in risk management, and I also understand that they are generally relaxed about the premium levels and cover they have secured.

The latest annual report of the VMIA for the year 1999–2000 reveals that it is gradually building reserves and that its premium revenue was \$73 million. A surplus of \$20 million was reported on the operation for that year, \$23 million was transferred to reserves and more than \$350 million of funds were under investment. It is a very substantial organisation in the Victorian public sector.

The bonus to Victoria from all that was that those results were returned while, at the same time, the organisation was required to manage the run-off of the old liabilities in respect of the former State Electricity Commission of Victoria, the State Insurance Office and the Public Transport Corporation. That is a real bonus, given that each of those would represent a very substantial and sensitive management challenge in their own right.

The changes delivered by the bill are minor; they are at the margin. They are machinery in nature, as has already been described by the Honourable David Davis. They are designed to improve the operation, and I am advised that they are totally supported by the authority itself.

In the first instance there is the clarification of the definition of the department and participating body to particularly include Parliament. I note that the inclusion is subject to an order of the Minister for Finance and, just as importantly, the agreement of the presiding officers, so obviously a deal has been done behind the scenes to ensure that Parliament is included in the cover offered by the Victorian Managed Insurance Authority.

In addition a more practical arrangement for the inclusion of particular bodies is included. The coverage is to include departments — as I mentioned, they have no discretion — plus participating bodies declared from time to time by the Minister for Finance, and that means declared on the basis that they either receive more than 50 per cent of their funding via the consolidated fund or that their inclusion is deemed

appropriate on the basis of financial risk or the organisation's inability to ensure appropriate commercial cover elsewhere. The inclusion is effected by a notice in the *Government Gazette*.

In all of this it was felt that the process should be reversed, as explained by the Honourable David Davis, because the existing declaration process is unnecessarily cumbersome. The bill now changes that so that all departments and bodies corporate controlled by the government and receiving 50 per cent or more of their funding from the consolidated fund are automatically participating bodies and thus captured by the coverage of the authority. The reverse will also apply in the future — in other words, deletions from that catch-all phrase shall now be by notice in the *Government Gazette*, thus representing the reversal of the previous system.

Consistent with the authority's role in assessing risk, the VMIA also has the authority to provide indemnity to officers of a state company or a statutory authority as provided to the Treasurer under the provisions of the Financial Management Act. The bill ensures that the authority held by the VMIA is appropriate to cover a minor class of officers currently not covered by existing legislation. I am persuaded that is an appropriate extension of the authority and am happy to signify a thumbs up from the National Party. The other changes made by the bill are minor and could truly be said to be housekeeping.

The National Party is delighted to have the chance to register its support for the Victorian Managed Insurance Authority. I personally extend my congratulations to the chairman, Mr Fitzmaurice, and to members of the board and the staff under the chief executive, Michael Guilmartin, on a job very well done over the initial five years of the authority's existence. In my view today's bill is confirmation of the appropriateness of the original brief and the success of the board. As I said, we are delighted to have the chance to give the authority the thumbs up.

I have said many times that perhaps the most appropriate test of an initiative in the public sector is whether it survives a change of government. The Victorian Managed Insurance Authority most certainly has done so and continues to rack up brownie points as the years go by. Members of the National Party are delighted to support the bill before the house.

Hon. JENNY MIKAKOS (Jika Jika) — I am pleased to make a short contribution on behalf of the government in support of this bill. The bill is non-controversial in nature and, as previous speakers

have indicated, technical. I do not propose to go through it in any great detail. Suffice it to note that it is pleasing that the bill has tripartite support. The government is pleased to make a number of technical changes to the Victorian Managed Insurance Authority Act in order to improve on its current operations.

As Mr Hallam noted, the Victorian Managed Insurance Authority (VMIA) was established in 1996 by the previous government, ostensibly for the purpose of acting as the insurer and risk manager for departments and participating bodies, predominantly those covered by the Victorian government budget sector. I should point out, however, that the establishment of the VMIA and the requirement that participating bodies and departments establish asset registers was information the previous government utilised well for the purposes of its privatisation agenda. It is very important at the outset to put the operation of the current act into a proper historical context.

Nevertheless, the government supports the continuation of the good work the authority does for all government departments and participating bodies in ensuring that a proper assessment of risk management strategies occurs.

The VMIA currently provides insurance cover to departments and participating bodies against such things as loss of assets through natural disasters, fire and theft. It provides cover for directors' and officers' liability as well as public liability insurance against personal injury and property damage and, in the case of the Department of Human Services, things such as medical malpractice insurance and insurance against other risks associated with the provision of hospital services. The VMIA also provides cover relating to the management of run-off liabilities of bodies such as the former Public Transport Corporation and the former State Electricity Commission of Victoria.

The VMIA collects premiums and charges from these departments and agencies in return for these services. Obviously the panelling of risks ensures that public revenue is protected and that insurance premium savings can occur.

The VMIA passes on much of its resultant aggregate risk above \$50 million to the commercial reinsurance market. However, I note that the VMIA does not have responsibility for workers compensation and transport accident compensation in this state — and that is probably a good thing. Given the current experience of New South Wales and Queensland, where such risks have been passed on to the private sector, and the recent collapse of HIH Insurance, it is clear that involving the

private sector in reinsuring these types of risks poses considerable risks to the public and to the government's underlying budget exposure.

The bill seeks to make a number of technical changes to the current operations of the Victorian Managed Insurance Authority. Specifically it seeks to extend the current definition of 'participating body' in section 3 of the principal act. The bill seeks to ensure that parliamentary departments can obtain insurance cover and risk management services, which is not currently the case. In order for the Parliament and parliamentary departments to obtain such cover, the Presiding Officers will be required to consent to this occurring. As the previous speakers have indicated clearly, this move is supported by the Presiding Officers.

The major alteration to the current operations of the VMIA will be made by amending sections 23 and 24 of the principal act. Currently those sections require departments and participating bodies to maintain asset registers and develop risk management strategies and to provide both to the VMIA.

An exemption is currently available under the act, where the Minister for Finance may exempt a body from providing such information. Currently there is no discretion in relation to departments being covered by the VMIA. However, any other public sector entity becomes a participating body only once the minister declares it to be one in the *Government Gazette*. In effect, the current system works as an opting-in mechanism, whereby agencies are declared to be caught by the requirements of the VMIA act. The amendments to these sections will ensure that statutory authorities or bodies corporate that are controlled by the government and receive more than 50 per cent of their funding from the consolidated fund will automatically be declared to be participating bodies.

The bill contains an opting-out mechanism, which enables the minister to declare, by a notice published in the *Government Gazette*, that a participating body has ceased to be a participating body. This opting-out mechanism is a far more efficient way of ensuring that such corporate and statutory authorities are aware that they are included within the scope of the VMIA act, which is not necessarily the case at present. It will also ensure that all such bodies will be or will become familiar with the requirement under the VMIA act for them to lodge such things as risk management strategies and detailed asset registers.

The bill also amends section 24(1) of the act, which could possibly be interpreted to mean that the department and participating bodies are required to

arrange all forms of insurance with the VMIA. The bill seeks to clarify the current position, which is that the VMIA does not provide for cover for workers compensation and transport accident third-party personal injury insurance under the Transport Accident Commission scheme. That is merely a clarification of the current position and does not represent any policy change by the government.

The other significant alteration to current legislation is that which will amend the Financial Management Act 1994. It will ensure that all bodies that report under the Financial Management Act will be required to lodge asset registers and risk management strategies with the VMIA.

Currently, most of those bodies lodge documents with the VMIA. However, there is no compulsion on them to do so, nor is there any compulsion on the authority to do anything with the information once it is received. That is not to suggest that the VMIA ignores the information, but the proposed amendment seeks to clarify the position to ensure that all bodies required to report under the Financial Management Act do so in a timely way and in full compliance with the provisions of that act. It is not anticipated that the extension of this obligation will impose any unnecessary burden on public sector bodies. It is a welcome clarification of the position that all public sector bodies are required to be accountable in the same way as bodies in the private sector are in full compliance with modern corporate governance practice.

In conclusion, the final amendment relates to the provision of indemnities to members of statutory boards. Currently the principal act enables the VMIA to provide an indemnity to an officer or former officer of a state company or statutory authority against the liabilities that may attach to him or her. Government policy is that such statutory immunity should be provided only in exceptional circumstances. The Victorian public would expect nothing less than that. I understand that the Treasurer, using his common-law powers, is able to provide an indemnity to members of boards or panels who do not currently have a statutory immunity. The bill will ensure that the Treasurer would be acting in accordance with the advice given to him or her by the VMIA, which has the necessary expertise to make a proper assessment of the risks involved in providing such indemnity to members of boards or panels.

The bill seeks to build on the good work of the previous government in establishing the Victorian Managed Insurance Authority and seeks to make a number of technical amendments to ensure that the authority

continues to play a key role in covering Victoria's insurable risks and advising government on how those risks can be properly insured. 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 and parties for the support of the legislation.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

APPROPRIATION (2001/2002) BILL and BUDGET PAPERS, 2001-02

Second reading

Debate resumed from earlier this day and 13 June; motion of Hon. C. C. BROAD (Minister for Energy and Resources) and Hon. C. C. BROAD's motion:

That the Council take note of the budget papers, 2001-02.

Hon. W. I. SMITH (Silvan) — In its second budget the Bracks government has clearly mapped out its direction economically and philosophically. The first budget the Bracks government brought in was put together after an unexpected win at an election. This budget clearly defines where it is going and where it will take Victoria.

The government endorses the economic principles of the former Cain and Kirner governments. It is the Guilty Party all over again. Again we see more expenditure, more tax, a budget in deficit, slower jobs growth, an increase in debt, increasing recurrent expenditure and increasing unfunded superannuation liability. In addition, in cash flow terms, expenditure is greater than income in this budget. Workcover premiums are up. It is the same old Cain and Kirner government principle: tomorrow's generation will pay for today's services.

One of the basic differences between a Liberal government and a Labor government is the economic philosophical approach. A Liberal government will not go into debt to pay for services, whereas a Labor government will go into debt so that the grandchildren will pay. A Liberal government pays for what it can afford. This budget is the start of an economic pattern that we saw under the Cain and Kirner governments. A good economic environment encourages business growth, it encourages employment, it grows jobs, and it enables services to be provided. The budget shows the first signs that our taxes are increasing, businesses are starting to leave the state and interstate competitiveness is decreasing. Last year the South Australian and New South Wales governments became more competitive than Victoria in attracting businesses. Now Queensland is becoming more competitive than Victoria, and we see businesses starting to go to Queensland. I will comment more on that later.

Payroll taxes, land taxes, stamp duties and taxes on insurance will reach record levels over the next financial year. Last year the Victorian economy forecast was a 2.5 per cent growth for this financial year. In the last financial year it was 3.75 per cent. In 1999-2000 it was 4.6 per cent, and in 1998-99 under a Kennett government it was 7 per cent. The economy is forecast to slow. This year's spending on operating costs will increase by \$640 million or 4 per cent. The large increase in capital expenditure and recurrent expenditure has pushed the budget, for the first time in eight years, into the red.

Unfunded public superannuation has increased by another \$400 million, and it is predicted that it will be \$12.8 billion by the year 2005. Here we go again! It is the Guilty Party all over again. It is the beginning of a trend that saw Victoria in the 1980s going backwards.

The budget is in deficit, according to the Australian Bureau of Statistics figures. The ABS states that Labor is spending more than it is earning for every one of the projected four years. Page 294 of budget paper 2 states that the budget deficit for the year 2001-02 will be \$423 million, and in 2002-03 the figure will be \$640 million in deficit. This is using Labor's own figures.

Labor will borrow money and increase debt. The same budgetary financial standards indicate that Victoria will have a net debt level of \$1767 million in 2001. This will rise to \$2363 million in 2005, according to the government's own estimates, shown at page 297 of budget paper 2.

But don't take my word for it; let us look at what the opinion makers, the media, say. I quote from an article in the *Australian Financial Review* of 16 May under the heading 'Bracks budget disappointing'. The article states:

The Bracks government's second budget is a disappointing document. The Victorian general government sector is about to be pushed back into cash deficit, and that deficit is projected to rise to almost \$300 million in 2002–03.

The principal reason for the deterioration of the cash budget is the growth of recurrent spending. The primacy given to spending can be particularly seen in the treatment of superannuation liabilities. The government says all of its unfunded superannuation liabilities — estimated to be 12.4 billion at the end of June 2001 — will be funded by 2035. But in the meantime, unfunded superannuation belonging to the general government sector will increase by another \$400 million to \$12.8 billion by 2005.

...

... All of this is hardly ruinous, but it does reflect a disappointing lack of fiscal discipline from this new Labor government. The government is under pressure from public sector unions to roll back the decisions of the Kennett government.

In the business section of the *Herald Sun* of 19 May an article by Mike Nahan under the heading 'Bracks does easy bit' states:

When the Bracks government came to power 18 months ago, it enjoyed a huge inheritance built on seven years of vigorous reform.

...

The main concern lies with the growth of spending on operating costs — mainly public servants' salaries.

...

... it represents a threefold increase over the level forecast the previous year.

Far from being one-off adjustments, the spending base has been ratcheted up.

...

While the projected level of borrowing is no cause for concern, given the state's low level of debt —

thanks to the previous Kennett government —

the speed with which the inheritance has been consumed is a worry.

...

... many of the capital initiatives add little to the state's productive capacity.

Another article in the *Australian Financial Review* of 16 May under the heading 'Numbers are not looking good for the Premier' states:

The deterioration in the government's cash bottom line is reflected in the accrual accounts ...

...

... it is dipping into its fiscal inheritance. And while the past two years' spending growth seems to have left the public sector unions unsatisfied, the government does have to be careful to guard Victoria's fiscal competitiveness.

And it is to this fiscal competitiveness that I will return later. The article further states:

Marginal cuts in business tax are fine but the real competitive strength of the Victorian budget derives from a firm political commitment to a strong bottom line. That's what allows big business to invest in the state, confident that business taxes will not be driven up in the future by the need to get the budget under control.

We have just started to see in the budget the beginnings of a change from what it has been doing in the past eight years. This is the beginning of those early years we saw under the Cain and Kirner governments. The great concern is the Victorian community; and the next Liberal government, when it comes in, will inherit a debt similar to what the coalition inherited in 1992.

I will refresh the memory of the house on what the Kennett government inherited in 1992. We came into a public sector net debt of \$32 billion. The legacy of the Kennett era was that this was reduced to \$6 billion when we left government in 1999.

Unemployment was reduced by one-third from its 1992 level. The unemployment levels were around 12 per cent, and were reduced by one-third by the time the Kennett government left office.

The annual interest on Victoria's debt was down from \$1.8 billion in 1992 to \$530 million in 1999. In 1999 private business investment had doubled since 1992, from \$8 billion to \$16 billion. In 1999, for the first time on record since 1971, more people were moving into Victoria than were moving out of it, and this was compared with the net overflows in the mid-1990s.

Therefore there was a change under the Kennett government from those years before 1992, and now we will go back again. We will start to see slower job growth and less business investment. Labor is forecasting slower economic growth. It is forecasting a reduction of growth in the economy, and for the first full year that Labor has been solely responsible for the economy, it is down to 4.6 per cent in 1999–2000, from 7 per cent, as I said earlier, in 1998–99.

Labor is also forecasting slower job growth. Job growth was forecast to be 1.5 per cent in the coming financial year, but it has now been revised, slowed down, to 0.5 per cent. The Labor government has also abandoned its 5 per cent unemployment target.

Nowhere do the forward estimates for the next four years show that Labor expects the unemployment rate to fall below 6 per cent. As I said, here we go again! One of my grave concerns about the budget is the reduction in employment for teenagers. The number of teenagers aged between 15 and 19 years who failed to find full-time jobs increased from 12 800 in September 1999 to 17 500 in February 2001. We have seen an increase of 37 per cent in youth unemployment in 18 months. Victoria's unemployment rate is heading in the wrong direction.

It is important that we keep the economic environment in Victoria balanced and that it grows — as it did under the Kennett government. We will not attract or keep business or see jobs grow in this state without that. The Property Council of Australia has said on the record that Victoria still has the highest land taxes and stamp duties in Australia. They are big barriers to investment and job growth in this state.

We have also seen increases in the cost of workers compensation, which has hit small businesses in particular. We know that many businesses have had increases in their Workcover premiums of 40 per cent and some have had increases of 100 per cent. That will not encourage business, job growth or investment in the state.

Labor is forecasting lower business investment. It is saying that in 2001-02 it expects to see \$1.2 billion in business investment in the state. In 1999-2000, \$1.67 billion worth of business investment was facilitated by the state government. This government is expecting that to fall to \$1.2 billion.

Victoria is starting to lose its advantage. It is starting to lose its cutting edge to Queensland and New South Wales. Two weeks ago the *Weekend Australian* contained a full-page advertisement by the Queensland government. I will quote from it because it is quite interesting. The Queensland government says it is encouraging businesses to go there because it has:

- lowest payroll tax
- highest payroll tax-free threshold
- low operating costs, including internationally competitive electricity costs
- lowest workers compensation costs in Australia
- low cost of living —

and, most importantly, because it is a —

- pro-business government.

I turn now to the 12 662 jobs lost to other states since the Labor government came to office. In particular I will pick out the jobs lost to Queensland and New South Wales: Virgin Airlines was lost to Queensland, 300 jobs; the BHP administration centre was lost to South Australia, 500 jobs; IBM was lost to New South Wales, 400 jobs; Oracle was lost to New South Wales, 150 jobs; Motorola was lost to New South Wales, 50 jobs; Email was lost to South Australia, 550 jobs; BAE Systems was lost to South Australia, 250 jobs; Ozemail was lost to New South Wales, 47 jobs; Qantas food centre was lost to Queensland, 130 jobs; Budget Direct Financial Services was lost to Queensland, 200 jobs; GE Medical Systems was lost to Queensland, 70 jobs; and Qantas maintenance was lost to Queensland. There is no doubt about what is happening in the aeronautical industry: companies are going to Queensland and consolidating there. Smith's Aerospace was lost to Queensland in March 2001. Nokia was lost to Sydney in 2001, with 30 jobs.

The total number of jobs lost from this state since the Bracks government came to office is 12 662 but what is really worrying in this trend is the number of jobs going interstate, particularly to Queensland. With ads like we saw in the *Weekend Australian* two weeks ago the Queensland government is obviously targeting businesses around Australia — and it is obviously getting them.

Tourism has been a major industry in Victoria. The Kennett government specifically targeted tourism to bring tourists and the tourist dollar to Victoria, but tourism, marketing and event facilitation has been cut by \$1.8 million in this budget. The government has reduced it from \$38.5 million to \$36.7 million, which I would have said showed very poor judgment. If we look at the tourism industry in Victoria, we can see that it has been turned around. The Bracks government will not even commit to building a 5000-seat plenary hall. The state's convention industry has asked the Bracks government to build a 5000-seat plenary hall but it is not in the budget.

All we have to do is remember the Melbourne Exhibition and Convention Centre — Jeff's Shed — to realise that before that was built Victoria was not picking up the very large tourist and convention dollar. The state did not have any facilities with load-bearing floors substantial enough to pick up major exhibitions like a major automotive show and Victoria got only a very small percentage of the Australian convention industry dollar. When the exhibition and convention centre was built we started to find that Melbourne was very competitive with Sydney and we were picking up a major part of the exhibition and convention dollar.

Victoria attracted more tourism but we are now turning our back on that. The Bracks government is not committing to extending those convention areas to provide what is needed and it has cut tourism marketing.

One of the major ways the Kennett government helped to revive the economy was to stimulate it through its Agenda 21 budget to provide major projects to that state. In 18 months the Labor government has not produced one major project for Victoria. Remember Agenda 21 under the Kennett government: the Old Customs House, the Old Treasury building, a new museum, Federation Square, the State Library of Victoria, the City Circle tram, the sports and aquatic centre, and, of course, the Melbourne Exhibition and Convention Centre.

The Melbourne showgrounds remain unrefurbished. In 1999 the Liberal Party promised to provide \$50 million but the Labor government has allocated only \$2 million to essential works and future planning. A news release dated 16 May and headed 'Budget disappointment for Melbourne showgrounds' states:

The Royal Agricultural Society of Victoria has expressed disappointment at the absence of substantial funding in the state budget for redevelopment of the Melbourne showgrounds.

An enormous amount of work and money has been put in over the past six years to prepare detailed submissions to government on the redevelopment proposals. The Royal Agricultural Society news release states further:

We appreciate the grant, but it is disappointing to have to undertake further studies because we believe the work we have done to date has been far reaching ...

It further states:

Major works needs to be done on many of our roads, buildings and other facilities to ensure that we can continue to hold the Royal Melbourne Show at the showgrounds, which has been its home since 1883.

Anyone who has looked at the showgrounds will soon realise that they are not internationally competitive, are run-down and need a lot of work.

I have been told that if the society is to attract young people to the show it will have to be more computer literate. Children do not want to just buy show bags or do the traditional things, they want information technology and interactive displays — but it has nothing like that and no funds to go down that track.

The Labor government has not delivered on some of its social commitments. I have talked previously about homelessness, particularly youth homelessness. I point out that while Labor says it has a social agenda and is providing for that agenda, the homeless strategy report indicates that in the inner city of Melbourne only 35 per cent of those seeking emergency housing assistance can be successfully accommodated. Accommodation is one of the basic services that our community should provide!

I will briefly look at the extent to which the budget has benefited the Silvan electorate. Mine is a young, family-oriented electorate. Fifty-one per cent of my constituents are involved in business in some form or another, either as employers or employees, and 25 per cent are under 15 years of age. Good infrastructure is very important to a community because it lays the foundation for the years ahead. I specifically refer to the areas of education, health and roads. As a local member I have asked officers at my regional education office, 'What is Labor spending in my electorate on education and schools?', but they will not provide me with the figures. I want to look at the trend, because under the Kennett government my electorate received more money than it did in the first Bracks government budget. I want to compare those figures with the figures in this budget to see where we are going, but I cannot get them because the regional office will not release them.

Labor says it is committed to health and education. The Kennett government planned to establish a badly needed tertiary hospital at Knox. People in the outer east have few tertiary health institutions to go to for the hospital services they require. Tertiary institutions attract specialists and provide much-needed levels of service and expertise. As I said, my electorate has a lot of young people and young families, and they have to travel outside the region to obtain the health services they need. The former Kennett government was committed to building the Knox tertiary hospital, but there is no commitment to that in this budget. Labor has no commitment to building the Knox hospital.

Honourable members know what is happening with roads in the area. We need the Scoresby freeway because of the needs of business and industry to move freight and the general needs of commuters. What have we been given in the budget? The answer is \$2 million! The federal government is committed to providing \$220 million towards the cost of the freeway, but the Labor government is committed to providing only \$2 million. A report in the *Herald Sun* entitled 'Freeway backtrack' states:

Treasurer John Brumby appears to have become lukewarm about the \$1 billion Scoresby freeway...

Asked on radio about the project, Mr Brumby said Victoria did not have the capacity to pay for it, even with the federal government's \$220 million contribution.

Labor has made no commitment at all to the Scoresby freeway. During its first 18 months in office the government has talked a lot about how it will match federal funding, but as soon as the real money has eventuated, Labor has gone into hiding. It is no longer interested! A report entitled 'Scoresby freeway hits block' in the *Herald Sun* of 28 May states:

Plans for Melbourne's \$1 billion Scoresby freeway could be shelved, just two weeks after the project was given the green light.

The state government yesterday vowed not to build the 40 km. Ringwood-to-Frankston link unless the federal government agreed to pay half the cost.

On and on it goes. There is a lot of talk, but no action. The state government's recent announcement of a revised formula for road funding means that financial support for the Maroondah council — the major council in my electorate — will decline by 40 per cent, and support for the Whitehorse council will decline by 64.4 per cent. Road infrastructure is vital to business and industry in the outer east. Additional funding is required just to maintain our capacity to commute and to move freight to and from ports and airports, but this government's lack of support reduces our capacity even further.

The major message the Labor government is giving us through this budget is that Victoria can look forward to high spending, low economic growth, low employment growth, reduced investment levels, increased borrowings and deficits, an increasingly underfunded superannuation liability and no major projects — nothing to stimulate the economy. In short, the budget indicates the trend the Bracks government will follow. It maps out the government's philosophical direction for Victoria. The budget endorses the economic principles of the Cain era. Our children will pay dearly for the policies of this Labor government!

Hon. R. M. HALLAM (Western) — In my contribution on the Appropriation (2001/2002) Bill I pose the rhetorical question: what makes a good budget? What should we look for by way of features in assessing the merits of the document? I suggest those features fall into two distinctly different categories. The first is entitled 'economic fundamentals', such as taxes and debt levels.

In respect of taxes the questions are about at what level are they imposed, what trends are displayed, whom are they extracted from, where they are spent, the extent to which they are directed at operational expenditure as opposed to capital investment, their relativities with other jurisdictions and so on. In respect of debt levels one must look at trends and coverage. They are the factors I would expect to determine how the economic levers have been managed, what government priorities have been pursued and the performance of government at the helm.

Those features would become the benchmarks by which I would make a judgment on the general direction of what is a major enterprise in this state and on the stewardship of the public purse. In general, they are the elements against which I would assess what the budget says. Another raft of technical features goes not so much to the question of what the budget says but to whether what the budget says is a fair and faithful report on the actual situation and whether it is a realistic portrayal of future projections and so on.

I shall deal firstly with those technical features and go to the construction of the document itself and the extent to which we can rely upon those features to represent a true and fair report card. What do I expect from a good budget in a technical sense? Firstly, I expect it to constitute a financial blueprint and that it be absolutely clinical in that context rather than some half-baked public relations report. On that basis I am unhappy to see a chapter headed 'Restoring democracy', because immediately that is a matter of subjective assessment. I want the budget to be a clinical financial report.

Secondly, I want to be convinced that it is readable and understandable, and that it is pitched at the real target audience. Thirdly, I want to know that it is in consistent form and terminology so that I can draw a comparison year on year for the emerging trends, particularly in respect of the budget year — that is, the proposed income and expenditure for the year under review compared with the actuals of the previous year. Fourthly, I want to be assured that the underlying assumptions on which it is based are sound, that the revenue targets are achievable and that the expenditure programs are realistic — in other words, that the budget can be expected to be delivered.

Fifthly, I want to know that there has been an appropriate differentiation between expenditure on operational issues as opposed to capital investment. I want also to know whether that differentiation is consistent year on year. Finally, I want to be able to assume that the balance day adjustments, and particularly the determination of stock holdings, have

been meticulously undertaken, overseen and reported, because the last two in particular can dramatically change the reported outcomes and therefore represent the primary testing ground of the Auditor-General. We need all of those features to be assured that what the budget says is a fair depiction of the underlying facts and assumptions.

I say at the outset that my assessment of the budget in technical terms is that it is a good document — I have given it 8 out of 10 in technical terms. I would have liked to have given it 10 out of 10 because I do not enjoy debating the technicalities of a budget. They should be a given. We should be able to assume that the government treats the budget seriously and clinically and should not have to become involved in debates about issues I have described as being subjective.

I have deducted one point on the grounds of readability. This budget is still too highfalutin; still too jargonistic; it still represents a tortuous maze for the non-accountant; it still needs to be demystified for the bulk of the readers — those who happen not to be financial whiz-kids; it needs a chapter in layman's terms that goes to its construction; it should have a summary or snapshot of its main features in one location rather than spread throughout the entire suite of documentation; it should give us a line on the current position as opposed to the projected position; and it should also give us clear instructions as to where we might go to get the details on any particular issue.

I know this is meant to be a technical document, but the bulk of the target audience are not technicians and I know many people are turned off by its format and the terminology employed. I am not suggesting that the principles be compromised, but I would rather that the major features could be explained in everyday terms and there could be greater assistance for the lay reader to understand the basic financial position. As I said, I have taken off one point on the basis of readability.

I have also taken off a point on the issue of comparability year on year. Again there have been massive changes of key output groups and key performance indicators. In many instances this has made the assessment of the underlying trends either absolutely impossible or, worse still, in many cases misleading. I know this has become something of a personal crusade, but I do not apologise for that because the ability to compare issues, particularly output groupings and performance indicators, is a critical component of the accountability and transparency test. Victorians hear so much about that from the Bracks government. Here, in my view, is a clear failure on the

part of the government in respect of principles that it espouses to the world at large.

I have followed this issue over the years with the Public Accounts and Estimates Committee and for some time when I had the good fortune to be a minister of the Crown. It happens that I am well versed in the government's standard response; I have heard it many times. The PAEC heard it again when the Premier appeared before it recently. I got exactly what I expected when I requested of the Premier that he do something about the extent to which the change in output groupings and performance indicators had muddied the waters. He said, 'But, Roger, you have been yelling at us on the basis that we need to review our performance indicators and our output groupings, that we should be keeping them constantly under review. Therefore, they will change. You also yelled at us because you said they did not all reflect government policy'. I expected and knew I would get that response, but there is no excuse for a change in output groupings or performance indicators allowing the government not to report on the underlying trends.

I suggest to honourable members that the case is absolutely the reverse — that is, surely no government, particularly one desperate to demonstrate its openness and transparency, would want to invite the conclusion that the review of performance indicators or output groupings was in some way designed to muddy the waters and prevent comparison over time. I do not accept the excuse given by the government. I invite government members to urge their senior officers to introduce a new rule which would say: where outputs or performance indicators are amended the reporting would be standardised at least for the year in which the changes took place to ensure a valid year-on-year comparison is readily available to the reader.

I would be delighted to have any government member respond to that challenge because it should be an absolutely basic feature of the documents. If they are not providing year-on-year comparisons, why bother ploughing through the documents? They are defeating the purpose rather than offering the openness and transparency promises of the government.

Hon. R. A. Best — The ministers do not understand it. How would backbenchers?

Hon. R. M. HALLAM — I will allow that to pass to the keeper.

As I said, I have deducted two marks: one for readability and one for comparability, year on year. I would have deducted another point on the basis of

some outlandish claims about the budget but I decided not to because the bulk of the claims were in the Treasurer's speech rather than in the basic documents. I am saddened to conclude that that has become almost par for the course.

Hon. W. R. Baxter — There were some doozeys in there.

Hon. R. M. HALLAM — There were some doozeys, Mr Baxter, but for all that I acknowledge that it is a pretty good document. I am not surprised that I am able to report that Victoria maintains a high standard in accounting and reporting because that has been the trend over the past several years. It is a fact of life that the previous government changed the rules and imported the private sector standards and rule book to apply to the public sector. I am proud of the extent to which I, as the former Minister for Finance, contributed to those changes.

It is a fact of life also that we discarded the old, hopelessly inappropriate cash system and replaced it with a full-blown, total accrual accounting system — complete with bells and whistles!

I acknowledge that there is still work to be done on that new system and that two fundamental issues are being canvassed by the PAEC. The first is what is commonly recognised as the triple bottom line, which takes the reporting of the outcomes beyond the question of the dollar implications to include social and environmental factors; and we have a lot of work to do with that. The second concerns our present work on a brief to provide an extension of the rule book that would relate to the valuation and reporting of community infrastructure and heritage assets.

As I said, work is still to be done, but for all that the changes have been quite profound. The appropriation bill, to its eternal credit, now tracks the issue of commitment as distinctly different from the cash implications of those commitments. It removes forever the opportunity for future governments to manipulate the bottom line and to gloss up the financial position by either deferring expenditure at the end of the year or dragging forward the recognition of income.

I suggest to the chamber, as I have on many previous occasions, that the move to accrual accounting is the single biggest factor in the improvement of standards across financial accounting and reporting in Victoria. It is a generational shift and it is even more important given that it is accompanied by a general move to reporting on outcomes.

I also acknowledge an initiative of the Labor government in that the Auditor-General is now required to sign off on the assumptions underpinning the budget. I am happy to acknowledge that I had nothing to do with that initiative. When I first heard of it I thought it to be quite inappropriate, to the extent that it may well prejudice the Auditor-General's position given that he would be required to lend his imprimatur to the budget construction and, to that extent, may find it more difficult to offer a criticism of the outcome. But I reserve my judgment on that issue; I suggest the jury is still out on that.

But I do give credit to the action taken by government in this case. It is another tier of discipline on the Treasury and on the government. That of itself is a good thing. I might say that the Treasurer has made something of a meal out of that issue. When you read his budget speech, which I want to quote because it seems to be quite important, you find that he says of the Auditor-General under the heading 'Restoring democracy and accountability':

He has reported that nothing has come to his attention that would cause him not to believe —

my English-teaching mother would complain about the double negative —

that the financial statements are consistent with the government's key financial target of achieving an operating surplus of at least \$100 million in each year.

That is quite different from what the Auditor-General actually said.

Hon. W. R. Baxter — Surprise, surprise!

Hon. R. M. HALLAM — I am not surprised, Mr Baxter. I have gone past that. This is what the Auditor-General actually said about methodologies and assumptions, and it is included under the heading 'Auditor-General's report' at page 215 of budget paper 2:

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that which would be given in an audit. Accordingly, an audit has not been performed and an audit opinion is not expressed.

He goes on to say:

As a result, I am not in a position to obtain the level of assurance necessary to express a positive opinion on those assumptions and the accompanying forecast information included in the estimated financial statements ...

And here is the crunch —

Accordingly, an opinion is not expressed on whether the forecasts will be achieved.

Hon. W. R. Baxter — That is very different from what the speech says.

Hon. R. M. HALLAM — There is at least a bit of licence there, Mr Baxter. It shows that the Treasurer is so desperate to cling to anything that looks remotely like financial responsibility that he is prepared in my view to put words into the mouth of the Auditor-General. If I were the Auditor-General I would want to know what the Treasurer meant by his statement, because that is not paraphrasing an extract from the Auditor-General's report at all. It is taking some licence, and he should be pulled up.

As an aside, while I do not take any credit for the decision to involve the Auditor-General in an assessment of the assumptions underlying the budget, I suggest that the decision taken by the government goes to a factor for which I, among others, can claim at least some credit. That factor is Labor's sensitivity to the question of financial credibility. It is a fact that the Cain and Kirner governments were so thoroughly discredited as managers of the public purse that the Bracks government has become absolutely besotted with the task of distancing itself from its predecessors. I make the point that we as the then opposition did much to locate and expose the various practices and deals that so richly warranted Labor's reputation as financial Luddites. So I take some heart from and even some responsibility for the Bracks government's craving for financial respectability.

But I make the point that the ghosts of the 1980s still walk the corridors of Parliament — and so they should. But the big question — one that was posed again and again by the previous speaker — is whether Labor has really learnt any lessons at all and whether the objective of financial respectability can be sustained against the flurry of wish lists we know will come from those who claim credit for the return of the Labor government. They will be looking for their pay-off and their pound of flesh, and only time will tell whether the ghosts of the past have been put to rest.

But to return to my technical assessment of this document, I have concluded that it is a fair assessment of the actual picture and on that basis I am prepared to give it the 8 out of 10 that I referred to earlier.

I want to leave aside the technical features of the budget and go to what it says or, perhaps more importantly, what the government claims it says. I could spend a lot of time on the various features that would fall within that category, but I have chosen the biggest ones. The

first is taxes. Here is an absolutely classic example of where the document should be demystified, because it is absolutely embarrassing to learn that there is no overall outline of taxing trends anywhere in the documents. The first question that is reasonably asked in that circumstance is: why not? Isn't the issue of taxes a fairly basic issue in the assessment of the budget and the stewardship of the public purse? There is no overall outline of those trends.

Budget paper 2 gives us a statement of financial performance at page 218 and a catalogue of the various taxes at page 219, but the problem is that it compares the budget for the year we are about to complete — that is, 2000-01 — only with the revised budget for the year we are about to complete. The government has updated the budget after almost 12 months of operation, but there is no comparison in that chart with where the government expects us to be with taxes in the year about to commence. If you want to find out where the government expects to be, you have to go to budget paper 3, which takes me back to the criticism I made earlier. And there is a further problem, because the format used in budget paper 3 is different. If I were less generous in nature I would suggest that that is — —

Hon. W. I. Smith — Suspicious.

Hon. R. M. HALLAM — Suspicious. I would suggest that it has been done on purpose because it is apparently not appropriate for someone to have ready access to taxing trends.

However, I have looked at an extract of the consolidated fund that appears at page 440 of budget paper 3. It does not report tax trends either! It reports the budget cast 12 months ago compared with the budget cast today. I suggest that the water is muddied even further.

But what can we glean from the information we are provided with, as disjointed as it is? If we dig a bit we can find a few interesting facts. The first is that for the year we are about to complete the government expects that taxes will come in at \$8324 million. That is nearly \$480 million, or 6.1 per cent, higher than was budgeted. That puts the issue of taxation in perspective. We learn that there were higher collections, particularly from payroll and transaction taxes. Apparently we had a better year than anticipated and the economy was buoyant. That is how the taxes were achieved beyond that which had been expected 12 months earlier when the budget was cast.

It is not possible to make a comparison with the previous year's tax structure because that has been

conveniently confused — obliterated by the effect of the GST. This again is a classic example of the budget falling short of the mark. We should have been given a standardised report which allowed the lay reader to understand what the trends were in those taxes.

Further, if we consider what the government expects will be passed through the consolidated fund by way of receipts, which is another line, we see that this year the government expects that taxes will come in at \$7936 million, a decline of 4.7 per cent. That looks very interesting until you consider why that is the case. I invite honourable members to look at page 441 of budget paper 3, and I would love to be challenged on my deduction of what is available from that. Payroll taxes are expected to increase by 5.4 per cent, property taxes by 16 per cent, and gambling taxes by 11 per cent. I will come back to that point. However, that is the most basic comparison drawn from what the government says it expects to see pass through the consolidated fund.

Against that background we are entitled to see what the obvious hole in those comparisons is. If payroll, property and gambling taxes are going up, where is the decline? The big reduction is in stamp duties, financial transaction taxes and franchise fees. Franchise fees are being deleted altogether — a 100 per cent reduction. The interesting point is that all of these so-called reducing taxes are part of the GST package; they are part of the guarantee from Canberra. The bottom line is that taxation receipts are expected to decline from \$8.3 billion to \$7.9 billion — a 4.7 per cent decrease. However, the commonwealth grants, on the next line, not surprisingly go in the opposite direction. They move from \$8.7 billion to \$9.7 billion, an increase of 12.1 per cent — more than \$1 billion in one line item. It just so happens that that increase includes compensation for the deleted taxes.

Why is there all this chat about a tax reduction? It simply does not stand scrutiny. It is no wonder that the government is able to crow about the production of a bottom line surplus. But the question is: who delivered it? Where did it come from? Most of it came from Canberra without this state Treasurer having to lift a finger — and, by the way, he is ungracious enough to whinge about it all the time!

Hon. W. R. Baxter interjected.

Hon. R. M. HALLAM — Perhaps he rushes to the bank with the cheque, Mr Baxter, but what really gets me is he whinges about this underwriting and complains there will not be any so-called net benefit until 2007. What about the massive injection into the

state government coffers coming directly now from the commonwealth as a result of the take from the GST? The guarantee was given from day one that no state or territory would be disadvantaged by the introduction of the GST, so the budget is topped up under a formula agreed to in advance. So, methinks thou doth protest too much, because the whole budget is underwritten by the guarantee in the intergovernmental agreement.

In that context much has been made of the so-called tax saving in this brave new package, trumpeted as the Better Business Taxes package. Much has been made of the \$774.3 million that is said to be achieved from that. I again refer to table B20 at page 273 of budget paper 2. I make the point that the \$774.3 million was cited in the first paragraph of the Treasurer's second-reading speech on the State Taxation Acts (Taxation Reform Implementation) Bill. So, he believes the 0.3 is important, and that is why I keep using it. However, there are a couple of points that need to be made in respect of that table. Firstly, no matter which way I turn it, I cannot get \$774.3 million by way of total unless I exclude one year. I suggest that someone in Treasury got the sums wrong. That is why I shall insist on using \$774.3 million, because that just happens to exclude the so-called savings for the year 2000-01.

I again make the point that the bulk of the savings relates to the out years — that is, 2004-05. As I said in an earlier debate, that is not so surprising, given this government's new formula for calculating tax savings.

A whole new accounting method can be attributed to the Bracks government. The major savings are in payroll tax and are derived from a rate reduction and the National Party applauds that. However, it is interesting that the bulk of the so-called savings are to be derived from payroll tax and the change in the rate, much of which is clawed back by an expansion of the definition of income. Yet if you look at other parts of the budget papers you will see that payroll tax in the year we are about to start is expected to increase by about 5.4 per cent. The government's superficial comparison in budget paper 2 estimates the increase at about 2.7 per cent, but if you examine the expected flow through the consolidated fund you will see that the increase will be well in excess of 5 per cent.

We can conclude that the government expects the economy to expand and that much of the so-called tax savings will be clawed back by the government's expanded definition of the payroll caught. This is a bit of pea-and-thimble trickery again; I thought our days of the pea and thimble had gone.

The Minister for Small Business looks a bit bemused. An even worse feature of the budget — which is reflected in table B20 at page 273 of budget paper 2, if the minister would like to follow it — is the terrible double counting that I alluded to during an earlier debate. The bulk of the savings are claimed in respect of the out years and they include the accumulated rolled-up savings from the previous years. I suggested earlier that the logic of that defies description.

In response to an invitation by the Honourable Bill Baxter, I suggested that if the government wanted to be really magnanimous it could simply extend the table out a few more years and double the savings, and if it took it out far enough it could declare that payroll tax was an income rather than a tax! That is how illogical it is. It is smoke-and-mirrors accounting, because the \$127 million saved in the first year is counted into the savings in the second, third and fourth years. That is getting very close to \$400 million of double counting, which puts a quite different complexion on the government's so-called tax savings.

I am amazed that the financial press has swallowed this new and innovative form of accounting, because they are not tax savings but promises of tax savings. The world could change dramatically before reaching that point, and I again refer to the example of Keating's l-a-w law on tax savings. So much for the Better Business Taxes package. As I said earlier, my response to that is: but not by much and not quite yet.

I will take a moment to look not at what the Treasurer would have us believe but at the real picture. I rely on table 3.4, which appears at page 30 of budget paper 2, headed 'Summary statement of financial performance 2001–02 to 2004–05'. If we take the so-called reduced taxes and combine them with the grants expected by government as shown in that chart, we see that the real taxes — that is, the taxes directly imposed and those received by way of grant from the commonwealth — go from \$18.8 billion in 2000–01, the year we are about to complete, to \$19.3 billion in 2001–02, the year we are about to start. On my estimation, that is about half a billion dollars of additional revenue, or an increase of 2.7 per cent. However, we see in the same chart that that increase in revenue is almost totally consumed by the expected decline in investment income.

This chart says that in the revised budget for 2000–01 — the year we are about to conclude — the government expects to receive investment income of almost \$1.4 billion, yet when it passed the budget for the year about to commence it said, 'Hang on, we can only anticipate \$938 million by way of investment income for the next year'. I will come back to why that

would be the case. Why would that not be highlighted in the budget document? I do not recall that even being mentioned — by anyone! Here is a 32 per cent reduction in the expected income from investment — a reduction of \$450 million — and it does not rate a mention!

Hon. P. R. Hall — They like hiding the bad news.

Hon. R. M. HALLAM — It does not rate a mention, Mr Hall. I suppose if we prodded we would get the response, 'Hang on, maybe that is some sort of response to a shift in interest rates'. That would be a better explanation than none, but I would take some convincing that a 32 per cent reduction could be attributed to some sort of shift in the expected yield. My point is that the expectation of a \$450-million drop in investment income is just allowed to slip through to the keeper and is not mentioned anywhere.

The sum of all that is that the revenue expected in the government's own estimation will remain static. The bottom line is that in the year we are about to complete the government says, 'We will get in \$23.4 billion', and that is the revised figure under the current budget.

If you compare that with the year about to start, guess what? They say we can expect \$23.4 billion. It is very close indeed. That is the real world: the government says the expenditure will go up by \$700 million — and that is a 3.1 per cent increase. I'll bet you London to a brick the government cannot hold the increase in expenditure to 3.1 per cent! Last year it was 7.5 per cent. Here is a document suggesting that the government will hold the expenditure growth to 3.1 per cent — and that means there will be an increase of \$700 million. That is a difference of nearly \$500 million in income over expenditure — \$23.4 billion expected income, \$22.9 billion expected expenses, so there is a difference of \$500 million. Guess what? That means that the \$700 million increase in expenditure will come directly off the surplus. Therefore the surplus, which was \$1200 million last year, is now, according to the government's estimates, to reduce to \$500 million. There is the bottom line: revenue is expected to remain static and that is due in part to a drop in investment earnings; expenditure is to go up by \$700 million — which therefore takes \$700 million directly out of the surplus returned last year.

All of that assumes that the government can hold expenditure to an increase of 3.1 per cent on last year — to which I say, 'Pull the other one!' or 'Come off the grass!'. In any event, it is pretty easy to see how the inherited surplus is to be employed.

What else can we glean from what we are given? In his second-reading speech the Treasurer tells us we need a competitive business environment. We are told that Victoria is now more than competitive with the Australian average on two out of three measures and that we are more competitive than New South Wales on all three measures. So apparently we are invited to conclude that we are looking pretty good in the competitive stakes. For those who want to challenge my assessment, page 17 of budget paper 2 mentions those claims.

The interesting thing is that I am told that in coming to that assessment the Treasurer took into account all the \$774.3 million of notional savings over the next four years and only included those changes in the tax structure which had been announced by the other jurisdictions. I would love to have that refuted!

Hon. W. R. Baxter — So would I!

Hon. R. M. HALLAM — I reckon we are on pretty safe ground, Mr Baxter. I challenge the government, through the Minister for Energy and Resources, to advise the chamber as to whether the totality of that \$774 million has been used in the comparison with the other states and whether that in part has allowed the government to make the claims it has made about competitiveness with the other jurisdictions.

Hon. W. R. Baxter — In the absence of a clear denial, we will have to accept that.

Hon. R. M. HALLAM — It gets worse, Mr Baxter, because since this budget was produced, New South Wales has announced a \$1.2 billion tax cut which includes the scrapping of the bank account debits or BAD tax ahead of schedule. That means that Victoria is even further behind the national average. I also assume that we are now a higher taxing state than New South Wales. I have therefore put a question on notice to the Treasurer asking him to give me a comparison of the positions across the states after each of them had prepared their 2001–02 budget and had costed in the shifts in the taxing structure in each case.

Hon. W. R. Baxter — Good question!

Hon. R. M. HALLAM — Good question — I make that point because Victoria's competitive position is anything but rosy. The New South Wales announcement that it would include \$1.2 billion by way of direct reduction of taxes puts increasing pressure on Victoria. As it happens, I do not think we are well placed to respond to that sort of challenge from across the Murray River. It is clear that the remaining surplus will quickly dissipate, particularly if we are to believe

the pundits who say that the economy is slowing. I make the point: where would we have been had it not been for the Kennett legacy?

I refer to one particular group of taxes — those imposed upon the gambler. I do not want to replough old ground, but I have to say that I got sick of hearing the criticism from Labor when it was in opposition about the Kennett government being too reliant upon the gambling dollar. I remember vividly the promises that came from across the spectrum of Labor that reliance upon the gambling dollar would be addressed. We heard it again and again when Labor brought in the so-called responsible gambling suite to reduce the impact on the problem gambler.

Let me pose the first most obvious question: in light of all those commitments and given all the legislation that was passed, have we seen a reduction in this government's reliance upon the gambling dollar? The simple answer is: no, not at all! Indeed, one of the first things this government did was to introduce a new form of gambling, called Tipstar. As it turns out it is something of a dog, but leave that to one side — it was a brand new form of gambling. In addition, two new taxes were imposed on electronic gaming machines. We talked about that earlier.

Let us remind the chamber and record in *Hansard* that when Labor came to government it snipped a cool \$10 million off the gaming operators and has since lifted that to \$46 million under the guise of a health benefit levy, which apparently makes it more palatable to some — certainly not to me.

So there is a \$46 million impost year on year on the 30 000 electronic gaming machines across the state. I have several concerns about that, but two I want to mention. The first is that that tax was introduced after the government made all the appropriate noises about a reliance upon gambling revenue. The second is that it was introduced after the licences had been written with the major players — they are, Tabcorp, Tattersalls and Crown. As I have said several times, their contracts have effectively been ripped up, which raises a real concern about sovereign risk and has sent out a message to the commercial world that government contracts are not secure and that governments cannot be trusted. I find it difficult to believe any Treasurer would have agreed to the implications for the money market.

I know the government is sensitive about the gaming tax revenue, and I acknowledge that it should be sensitive about that issue, given all the posturing and piety from the safety of opposition, but that is no

excuse to dolly up the facts. I submit that that is what has been done.

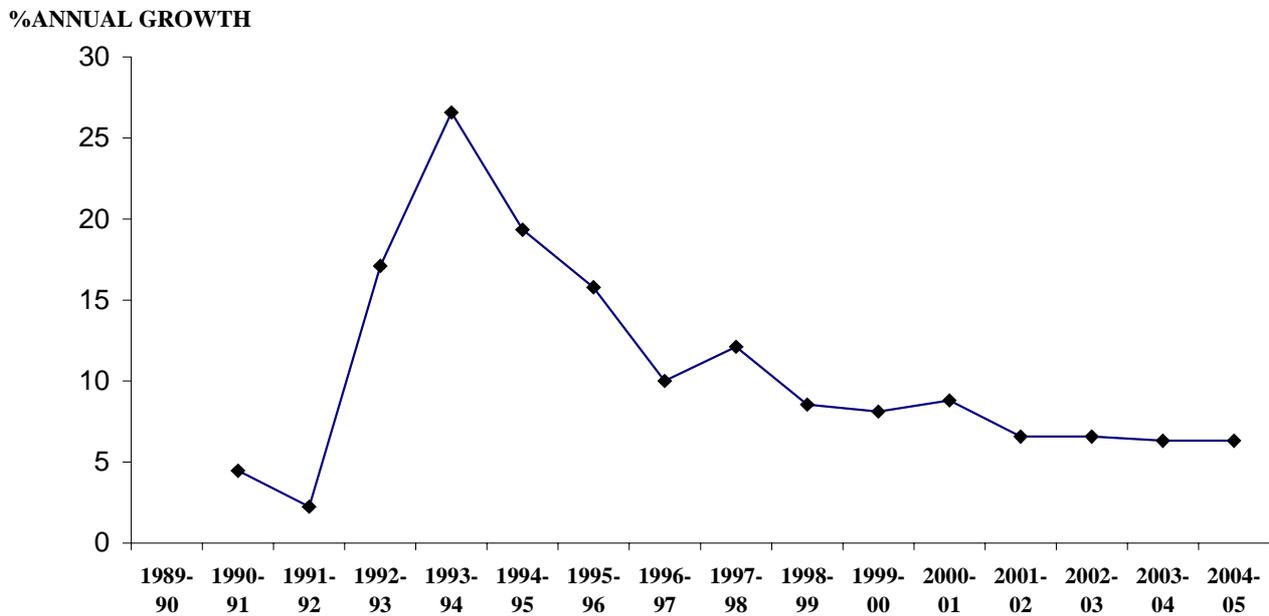
When the Honourable John Brumby, as Treasurer, came before the Public Accounts and Estimates Committee he tabled a chart which he claimed demonstrated that the rate of growth in gambling revenue was slowing. He acknowledged that it was still growing, but went to great lengths to demonstrate that it was growing at a reducing rate. I suppose we should be grateful for small mercies, because he worked very hard to sell the message and was obviously keen to retain some credibility. But I do not think it is working; I do

not think he is even winning some of those who were clearly on his side. I note that the Reverend Tim Costello is not persuaded by the effect of the legislation designed to reduce the government’s reliance on the gaming dollar.

I seek leave to incorporate into *Hansard* a copy of the chart the Treasurer produced to the Public Accounts and Estimates Committee. Mr Acting President, I have shown it to Mr President and I have provided a copy to Hansard, to the Leader of the Opposition and to the Leader of the Government.

Leave granted; chart as follows:

Between 1989-90 and 1999-2000 annual growth rate is year on year actual and for forward years annual growth rate is year on year Budget+GST



Source: Tabled by Treasurer at Public Accounts and Estimates Committee hearing, 1 June 2001

Hon. R. M. HALLAM — The chart is an absolute gem. The first thing I would ask honourable members to note is that it does not have any title.

Hon. P. R. Hall — It tells us nothing without a title.

Hon. R. M. HALLAM — There are several problems with it, Mr Hall. I assure the house that I am not trying to sneak up on the Treasurer. He gave me an assurance that it refers to gaming revenue, and that the heading should be read in against that background.

It shows that Labor expects gaming revenue to increase beyond the consumer price index — indeed, at a rate something approaching twice that of the CPI increase — and expects that to be the case consistently over the projected out years, right out to the year

2004–05. The Treasurer was at pains to point out that apparently that rate of growth from 2001–02 through the years to 2004–05 was a sign of progress. If that is progress, it is very small progress, because I am not sure I can deduce from that that there is any shift in the expected reliance figure in the out years. So much for the rhetoric, because the chart leads one to think, ‘Hang on, we still expect that the annual growth rate will continue at about double the rate of the CPI’.

Hon. W. R. Baxter — And that is the important point — this is growth.

Hon. R. M. HALLAM — This is growth. The top of the chart states:

... annual growth rate is year-on-year actual —

for part of it —

and for forward years annual growth rate is year-on-year budget and GST.

We are talking about the actual growth rate in the gaming dollar. The Treasurer was at pains to point out that at least some of this can be attributed to the new tax of the health benefit levy. The problem is: it does not turn up in the right year!

I am very confused by this chart, and that is why I sought to have it incorporated into *Hansard*. I am not sure what it actually tells us. The Treasurer told the committee in evidence that this year's budget growth would, for the first time in a decade, fall below 10 per cent. He went on to say that it is about 10 per cent and corrected and expanded that later by saying it was 9.4 per cent. The problem I have is that he said that 9.4 per cent relates in part to the new health benefits levy. If that is the case, it is in the wrong year, because that can apply only to 2001–02; it does not come in until 1 July. If the chart for 2000–01 is wrong, I am not prepared to rely upon the other data, either.

When we refer to the budget documents themselves and look at the revised budget for this year in the table on page 219 of budget paper 2 and compare it to the original budget for the year coming up on page 202, we see that there is an increase of 9.3 per cent. I am not surprised by that 9.3 per cent because budget paper 3 at page 399 states:

Gambling taxes are expected to grow by 9.3 per cent in 2001–02 boosted by the health benefit levy ...

But what does the chart show? According to my reading it shows that increase for the previous year. For 2001–02 it shows an increase of about 6.5 per cent. I ask the government why that discrepancy is so obvious to me and why other readers are not entitled to draw exactly the same conclusion, that the 9.3 per cent increase is misplaced in that chart?

Hon. P. R. Hall — It has nothing to do with the health benefits levy.

Hon. R. M. HALLAM — It cannot, by definition, because the health benefits levy will not have started when the 9.3 per cent actually kicks in according to that chart.

My second question is more pointed: how come the expected gaming receipts as shown in the summary of the consolidated fund, at page 441 of budget paper 3, show an even greater figure? I have concluded that the government expects \$1412 million to be received in the consolidated fund derived directly from gambling. That

is much higher than the comparative charts shown at budget paper 2, and it makes an absolute mockery of the chart we have been given by the Treasurer. Even if the year-on-year comparison from the consolidated fund is used, the increase expected is 11 per cent.

Something is fundamentally wrong and I suggest that that chart is ill conceived, ill constructed and quite misleading. I challenge the Treasurer to validate the chart and to explain to the Parliament how he derived the 9.3 per cent increase for 2000–01 when the chart he provides shows that increase as applicable to a different year. In any event, this charade took place to allow the government to demonstrate not that it was less reliant on the gaming dollar, but that the rate of increase was declining. The government was taking comfort from the claim that the rate of increase was expected to decline. That is hardly consistent with Labor's promise to reduce its reliance on the gambling dollar.

I looked at the budget documents for last year, and hey presto, there was a chart that shows the declining reliance on the gaming dollar — the claimed reduction in reliance on the gaming dollar. That chart is not in this year's budget documents. I am not surprised that it is not there, because it would give the absolute lie to everything Labor said about its intentions about relying on the gambling dollar.

As an aside for the benefit of my colleagues, I ask: where is the inter-church gambling task force in all this? Where is the travelling soap box I saw so much of under the previous administration? Where is the Reverend Ray Cleary? Nowhere to be seen and very quiet. Where is the Reverend Tim Costello? Surely he has not been persuaded of the reality of these documents!

Hon. S. M. Nguyen interjected.

Hon. R. M. HALLAM — Last week, was he? What did he say? Did he give you an elephant stamp? Or did he come out and say that this mob has not lived up to what it said it would do about reliance on the gambling dollar?

My conclusion on taxes is that, despite all the Treasurer's claims of moderation and responsibility, this budget takes on new meaning when one strips away the whinges about the grants distribution process and the claims about interstate competitiveness, when one looks behind the so-called business tax savings, when one puts the claims of reduced reliance on the gambling dollar under the microscope, and when one considers the taxes being phased out as part of the intergovernmental GST agreement — the agreement

that has the commonwealth underwrite the state budget against any loss of revenue. My conclusion is that Labor is not restraining expenditure at all but simply propping it up with the inherited surplus. Without the Kennett government legacy, this government would be a total disaster.

I refer to two other features of the budget. The first is capital expenditure. We are told that new infrastructure projects valued at \$2.13 billion shall be commenced in the 2001-02 year to start from 1 July. That sounds good, but I am a sceptic, because I have been bitten a few times. I am certainly not convinced. I would need a bit more evidence than the throwaway line that this is \$2.13 billion and a bigger capital investment budget than ever seen before in the annals of history. I would like to see a breakdown of those projects. I remember that the investment expected in this year under the government's own capital investment program is but \$501.8 million. In other words, leaving aside the rhetoric, when you really nail down the issue of capital investment, according to the government \$501 million is to be invested this year. So \$1 in \$4 is to come on stream this year.

Apart from the Austin hospital, which is an important qualification, I did not hear of any single, major, long-term project. I also remember that such things as funding for passenger services to regional centres and to the airport were listed as major projects last year. After the budget was released we found out that those expenditures depended on some sort of matching injection from the private sector.

Therefore my question is simply: how much of the major infrastructure investment is wishful thinking? Because a fair slab of it was last year. Here is a test for the minister: how does he calculate the claim that this represents an increase of 45 per cent over four years? I would like to see the bottom line. He cannot just throw away a line like that and expect it not to be challenged. How was that calculated?

How about the claim that 45 per cent of that \$2.13 billion is targeted to rural and regional Victoria? How is that sustained? I want to see some data on those throwaway lines.

Hon. T. C. Theophanous — You're jealous because you couldn't do it!

Hon. R. M. HALLAM — I am happy to give credit where it is due, but I want to see the colour of the government's money rather than its promises. I want to know where those projects are, how the government costed them and how it claimed them to be directed at

rural and regional Victoria, because it had a bit of trouble with the definition last time around. Therefore I would like to see a listing of the projects and a description of the boundaries and definitions.

Finally I move to state debt, which was canvassed earlier today. I know everyone here would understand why public sector debt is of such interest, because it is a matter of record that when the Kennett government came to power the state debt was in excess of \$32 billion and growing exponentially due to budget deficits year on year. When we arrived Labor was prepared to acknowledge a budgetary deficit of \$2.5 billion, and my calculation was that it was closer to \$3 billion. In any event, somewhere in the order of \$2.5 billion to \$3 billion was going onto our state debt year on year — just for us to simply stand still. That was the cost of paying the expense each year of salaries and wages.

Then the Kennett government took some painful remedial action, and the records will show that we reduced that debt to a manageable \$6 billion. In other words, it was cut by about 80 per cent. Why is that relevant to this debate? Because of the claim made by the Treasurer. In his budget speech he says, and I quote directly:

Lower net debt means a reduced interest burden for the state, freeing up our capacity to improve services in the government's priority areas of health, education and community safety.

I have absolutely no argument with that claim at all. I just wish that John Brumby had been around to advise Joan Kirner and John Cain.

Hon. D. McL. Davis — Mr Theophanous was!

Hon. R. M. HALLAM — He was. I wonder why he didn't give that advice. Then the Treasurer could not leave well enough alone. He had to go on and embellish the claim. He says:

Honourable Speaker, under the Bracks government, Victoria's net debt will be cut by half.

That is a claim I most certainly contest. When the Treasurer appeared before the Public Accounts and Estimates Committee I cited that quotation directly to him and said, 'Mr Treasurer, that's a bit presumptuous, isn't it?' and he said, 'I don't think so'. The Treasurer was actually a bit taken aback by my challenge. He said, 'Why is it presumptuous?', and I said, 'Well, for a start, to get the comparison, you have gone out to 30 June 2005. If for no other reason, that happens to be beyond the next election date, so it is presumptuous from that viewpoint alone'.

It assumes not only that everything will go according to plan in a financial and economic sense; it also assumes that Labor will be returned to government at the next election. I understand why this government, in particular, would be sensitive to reported debt levels. But if we are to take a comparison based upon a projection to 2005 and on that basis claim the debt will be halved under a Bracks government, let us take that extension a little further: if it is so fantastic to claim that the debt has been halved, why not take it out a few more years and say the debt has been obliterated altogether? What sort of crazy logic do we have here? This would be funny if it were not so serious. I invite government members to respond to a serious challenge I level in that respect.

Then there is the issue of debt definition. The Treasurer consistently used the term 'state government net debt'. That is the term he used in his speech, and I note that it was repeated earlier today in the speech of his representative in this place, the Minister for Energy and Resources. He used the same terminology in his evidence to the Public Accounts and Estimates Committee, and he said the projected net debt will be \$2.5 billion at 30 June 2005. But that is clearly wrong. We can debate it at the margin, but the facts are that that is wrong, as proved by examining the budget documents themselves, and in particular table 8.4 and chart 8.7 on pages 152 and 153 of budget paper 2.

Incidentally chart 8.7 is headed 'State government net debt', and shows the projected debt at 2005 to be about \$3.5 billion. More importantly, the actual commentary at page 152 in the budget document itself, budget paper 2, is:

Given this, state government net debt (excluding Growing Victoria financial assets) is projected to fall from \$5.2 billion as at June 2000 to \$3.5 billion as at June 2005.

There is a pretty obvious question there for the government, and particularly for the Treasurer: what happened to the other billion dollars?

The Treasurer tells us in the budget speech that it is \$2.5 billion and the budget documents say it is \$3.5 billion. When challenged the Treasurer argued vehemently that I was wrong; that I had misunderstood the issue of debt. He did not give me much credit at all, but I think I might understand the issue of debt as well as he does. I again took him back to the documents to demonstrate that there was a clear inconsistency between the claim in his speech and the evidence in the documents. I again asked the Treasurer to take my comments on board and to provide an explanation.

I note in that context that the Treasurer's appearance before the Public Accounts and Estimates Committee was on 1 June — that is nearly three weeks ago. In my view that is ample time for the Treasurer to have his boffins go through the evidence, look at the claims made and come to a conclusion. If they had done that, they would have discovered that the speech read into the record today by the Minister for Energy and Resources was wrong. They have had three weeks to correct it. That shows breathtaking arrogance. It shows absolute contempt for this chamber.

Hon. W. R. Baxter — And they have been caught out by you.

Hon. R. M. HALLAM — They have been caught out again and they could not even bring themselves to change the figure, which they should know is wrong. If they do not know that it is wrong, my concerns are even greater. If the Treasurer had said to me, 'Whoops, there is bit of a mistake here', that would have been the end of it, but he tried to tough it out. The minister who introduced the budget to this place also tried to tough it out, and in both cases the ministers have been found wanting.

I invite the government to go back and have a look at the claims made and to correct the record. I have had enough of the shoddy drafting in this place, and I have had enough of the breathtaking arrogance of Labor. It is time the government was held to account. There is a fundamental difference here of about \$1 billion, give or take, and I want the record corrected.

In summary, I reiterate the questions I have raised for the attention of the government. There are plenty of them, and I put some of them on notice. I repeat but four of them this evening. I want to know why the government is using a review of output groupings and key performance indicators as an excuse for not providing year-on-year comparisons. I hope someone is listening, because this is serious stuff and I shall repeat it, repeat it and repeat it until someone takes notice. That is the first issue.

Secondly, I want to know how the government rationalises the calculations of tax savings over forward years when the figure claimed includes the accumulated roll-up of savings expected in the earlier years. A fair question! Let us see some explanation of that accounting principle.

Thirdly, I want to know why the expected yield from gambling taxes according to note 2 on page 202 of budget paper 2 is substantially less than that expected to

be recorded in the consolidated fund, as shown in table 4.2 at page 441 of budget paper 3.

Fourthly, I want to know, as simply as I can state it, why the projected debt level cited in the budget speech — \$2.5 billion at June 2005 — is different from that appearing in the budget documents. I have already given the reference for that challenge.

I regard this document as a good technical document, although I look for improvement in two specific areas, which I have outlined. However, I am not persuaded by all the rhetoric regarding modesty, moderation and responsibility: I am sick of hearing all that. This budget increases expenditure to match the consumer price index and the expected growth in the economy. Therefore, it has literally exhausted all the room to manoeuvre. It assumes that everything must go according to plan, that there can be no slip-up because there is no room to come and go. However, Labor still has not satisfied its traditional support base and those who will want more in return for their support of Labor at the polls. That is the ultimate dilemma faced by Labor, and that is what must remain the ultimate challenge.

I suggest to the chamber that the Treasurer has survived the first year by a mixture of fancy footwork and fancier promises, by a commonwealth guarantee on GST revenue and, more than anything else, by the Kennett government's legacy, which included an economy going gang busters and a massive budgetary surplus. However, that surplus is now effectively blown, the honeymoon is over and the cheer squads have fallen silent. This budget will be very difficult to implement and to sustain because the budgetary assumptions employed by the Treasurer take us all out to the edge of credibility. I for one shall dedicate myself to ensuring that the Bracks government is held to account — every commitment, every claim shall be scrutinised; every short cut, every correction, every compromise, every cock-up shall be reported to the electorate. The remaining question is, is this Labor government any different from its discredited predecessors? I am yet to be convinced.

Hon. S. M. NGUYEN (Melbourne West) — The Appropriation (2001/2002) Bill is designed to meet the commitment of the Bracks government to the Victorian community. Labor identified very clearly in its election policy that there were a lot of things it wanted to return to the Victorian community in terms of services and responsible financial management. The government wants to deliver services to all the Victorian community, especially the country communities that have been neglected for a long time. The Labor

government realises how important it is to restore confidence and economic growth in country Victoria. That is one of the key strategies of the budget.

The first Labor budget demonstrated a strong commitment to the Victorian community. It showed that we care about education, health and community safety. We want the Victorian community to realise that ours is an open and accountable government, with new levels of probity that will increase confidence in the community and encourage economic growth in Victoria.

The budget clearly spells out the government's tax reform agenda and its aim to build up Victoria's economy and infrastructure. Labor will meet all its long-term commitments. One of the headlines of the budget documents is 'Delivering today, building for tomorrow'. Labor is committed to that policy.

Some people say that past Labor governments spent a lot of money, increased debt and created budget black holes. Premier Bracks knows that, and he is prepared to change that view of Labor governments. This government must convince the Victorian community that it is capable and responsible. It will not promise to do everything, but it will identify the real needs in the community and fix the problems.

The budget has a clear message about responsible management. It is a balanced budget that will ensure the economy is strong and continues to grow, while satisfying environmental concerns. This is one of the highlights in the budget. On the one hand the government must save money and pay its debts; on the other hand, it has financial liabilities. By June 2005 net state debt, excluding Growing Victoria, will have declined from \$4.9 billion — the June 1999 level — to \$2.5 billion. That is a big decline in government debt. The government will achieve an estimated surplus of about \$500 million in 2001–02, and that is forecast to be maintained over the next three years. This is a financially responsible government that is determined to build confidence in the community and to work in the interests of all Victorians.

I will now talk about growing the whole state. When the Labor government talks about growing the whole state, it means growing all of Victoria, not just metropolitan Melbourne. Country Victoria is important not just for its agricultural output but also socially. In this budget the Labor government has invested a considerable amount of money in infrastructure. It is spending money upgrading railway lines in country Victoria as well as building schools and police stations.

It is also building universities and technical and further education colleges and providing other services.

The Labor government wants to improve infrastructure throughout the state. Since the last budget the government has approved new infrastructure projects worth an estimated \$2.13 billion. That is one of the largest amounts ever allocated for infrastructure projects, which demonstrates that the government is committed to building a better state. The infrastructure allocation in this budget represents about a 45 per cent increase on the allocation in the previous budget.

I refer to transport. The government will spend \$96 million on the standardisation of regional railway lines, which will provide a better freight system for the whole state. The cost of freight, including the cost of delivering goods, will be lower, which will benefit all Victorians. It will assist people doing business and make remote centres more accessible.

I refer to a press release I received from the Minister for Transport about upgrading the Cranbourne railway line. This shows the Bracks government's commitment to connecting transport services.

A sum of \$150 000 has been allocated to upgrade the Cranbourne railway station, including the building of public transport facilities around it, such as a bus and taxi interchange, and the installation of security facilities to ensure that the car park and pedestrian areas around the station are safe at all times. The government is working in conjunction with the local council to improve that area.

Yesterday I received from the Premier a list detailing the successes of Victorian high schools and their students. Although there has been some criticism of the Labor government's efforts to improve education, the retention rate for year 12 students has risen to 83.6 per cent. That is a big plus and shows that the government is delivering services. The retention rate for government schools has increased substantially — by 2.1 per cent — to 79.5 per cent. The retention rate for schools in non-metropolitan regions has increased by 2.9 per cent compared with the increase in metropolitan regions of 1.5 per cent. The two regions that experienced the greatest increase were Gippsland, 7.1 per cent, and Goulburn-north eastern, 4.1 per cent. The retention rate for males in government schools increased by 2.6 per cent compared with an increase for females of 1.7 per cent.

The budget will ensure that Victorian students and teachers have the best possible facilities in which to learn and work. The results are clear: the education

policy is working and will continue to work in the coming years with the commitment of the Bracks government to improve the health and education standards of our students. The government is investing in the future and is looking forward to educating overseas students from our region.

The government is talking about innovation and leading the way. It is important for Victoria to be a leader in innovation, science and technology, because neighbouring countries want to know how they can improve their living standards. Those countries know that Victoria is a leader in science and technology, and also in agriculture, and the government does not want to miss the opportunity to show that Victorians are capable of working with them to assist improvement in the region. It is a great opportunity for the students from those countries, and it is an opportunity for the Victorian farming sector in particular.

The competitive business environment, which has been discussed over the past few months, will build on business confidence. The government's Better Business Taxes package, which provides lower, fewer and simpler taxes, will assist small business people who want simpler ways to deal with taxation. The measures in the package will give small business confidence. Currently taxation, including the GST, is confusing and costly, and unfortunately many small businesses are closing. I was at a Richmond Asian trading business conference last Friday, where the new president of the committee told 200 people that many Asian small businesses are going out of business.

People cannot cope. They do not have enough cash to cover their debts. People are too scared to spend their money, and those who do are spending less than before the GST was introduced. Many people are suffering because of the GST. When they complain to me, I ask them to make representations to their federal members of Parliament and voice their concerns. The federal government should make sure it finds some way to help people over their problems.

The Bracks Labor government is keen to make things simple so people can cope with running their businesses. The Bracks government promised to cut business taxes by \$100 million a year from 1 July 2001 — only a few weeks away. It also promised cuts of \$200 million a year by July 2003 and further cuts amounting to \$151 million in 2004-05. The total business tax cuts over four years will be \$774 million.

The government is also keen to improve the environment. The Minister for Environment and Conservation has moved to address environmental

issues and to work in cooperation with the commonwealth government to restore the flow of the Snowy River. That is important, for the reasons already detailed to the house.

The government is providing improved health services to the community. Today I received a fax from the Minister for Health, in which he refers to the *Hospital Services Report*.

Hon. B. C. Boardman — It's a press release.

Hon. S. M. NGUYEN — Yes, it is a press release. The report is the result of good work by the Minister for Health.

Hon. Andrew Brideson — We will not believe it, Sang.

Hon. S. M. NGUYEN — Many people believe it.

Honourable members interjecting.

The ACTING PRESIDENT (Hon. G. B. Ashman) — Order! There is too much audible conversation and the honourable member is being drowned out.

Hon. S. M. NGUYEN — In the report the minister spoke about Frankston Hospital — and I ask Mr Boardman to listen. The press release of 19 June states:

The minister congratulated Frankston Hospital for being able to reduce the number of ambulance bypasses by 22 per cent despite a 6 per cent increase in emergency patients last quarter.

There was an extra \$9 million for Frankston in the budget, on top of \$12 million last year to build an extra 76 beds, and this will continue to improve the performance for patients ...

The government has made that commitment for Frankston.

I also mention the Western Hospital in my electorate. The press release states:

... a rapid assessment medical unit has achieved a 2.7 per cent decrease in unplanned medical readmissions ...

The Alfred hospital has also achieved a significant decline in ambulance bypass of 34 per cent in one quarter by better management of patients in the emergency department.

That has been a good outcome in the health portfolio.

Hon. Andrew Brideson — I will put the Monash figures on the table later.

Hon. S. M. NGUYEN — I will look for the Monash figures. According to the press release, non-urgent cases on waiting lists at the Monash Medical Centre totalled 3055 as at 31 December last. As at 31 March this year the figure was 3001; that means a reduction of 1.8 per cent.

Hon. E. G. Stoney — What about Mansfield hospital?

Hon. S. M. NGUYEN — I do not see it on the list. In his press release the minister states:

... from 1 July, hospitals would have access to the \$1.1 billion funding boost to treat an extra 30 000 patients a year.

The Labor Party is committed to improving health services for Victorians. The government has established services for the treatment of people on drugs. I mention services for young people. The government has allocated \$2.48 million in 2001–02 for youth residential withdrawal units in Ballarat and Geelong, which will help about 124 young people per year. Youth alcohol and drug supported information services will be established, with two new 10-bed services in northern and western Melbourne.

They are but a few examples. I will leave it to other honourable members to identify the good being done by the government in that area. In conclusion, the government has made a commitment to all Victorians to build new railway lines, establish better hospitals, have better schools and provide more services for all Victorians. I support the bill.

Sitting suspended 6.32 p.m. until 8.03 p.m.

Hon. M. A. BIRRELL (East Yarra) — I would like to use my contribution to the budget debate to support a project for Melbourne that I consider to be of international significance and to help kick off a major campaign to secure the long-term integrity and better international understanding of that project. Of concern to me is the need to secure World Heritage listing and protection for the Royal Exhibition Building in Melbourne. This is a most important historic building in Australia and one which wins considerable public sympathy from anyone who has the joy of visiting it.

I believe that this campaign now enjoys bipartisan support at a state and federal level, but it deserves far greater public involvement and merits an active citizens campaign to secure the international recognition that this beautiful and socially important building deserves.

My personal interest in the Royal Exhibition Building dates back to the early 1970s as a teenager who took an

interest in this great place and started to understand it as an individual. I cannot imagine anyone not falling in love with that building after first seeing it. But of course this goes well beyond personal affection; it goes to the point of realising the cultural significance of this building in Australia's history and its international significance in the role it played in 1880 and subsequently.

My later personal interest was having the pleasure, as Minister for Major Projects, of overseeing as part of the museum project the complete external restoration and rehabilitation of the Royal Exhibition Building, and therefore being able to deliver on the building being returned to its original state as it is now in the year 2001, and to ensure that it can be enjoyed by future generations in a proper environment rather than the artificial one of the post-World War I and, in particular, the post-World War II period.

My support for securing World Heritage listing goes back some time, and I am delighted that now this appears to be a bipartisan initiative. I am also very pleased in this context to be able to advise the house, and probably most members of the public, that the commonwealth government has decided to take steps itself for the first time in history to protect the building and to seek its potential addition to the World Heritage list.

In a letter dated 28 May from Senator Robert Hill, the federal Minister for the Environment and Heritage advises as follows:

... I have asked my department to undertake a study of the values of the place and in particular an assessment as to whether they are of World Heritage significance, as the first step in the consideration of a World Heritage nomination is to assess the place in its international context.

I congratulate the Howard government on taking this initiative; it is the first federal government to do so. Of course the initiative needs the active support of the state government, and a broader campaign is needed because the test for World Heritage listing is a very tough one. With respect to the World Heritage authorities, it is a test that is set in the northern hemisphere and a building in Australia that dates back to 1880 may not be seen contextually as being historic from a northern hemisphere perspective. I ask that we all unite to convince the World Heritage Committee to place the Royal Exhibition Building on the World Heritage List and recognise its international cultural heritage significance.

I am very pleased that on 15 September 1999 the then coalition government announced it would seek that

outcome. A press release of that day announcing a policy entitled 'A new agenda to continue building Victoria's future', states:

We ... regard it as important to protect and enhance the status of our cultural heritage, and will initiate World Heritage listing for the Royal Exhibition Building ...

It was a bold and important initiative, and the setting had been put in place for the state government to take the necessary step of approaching the federal government to get it done. Although there has been a discernible and unexplained delay in this action being followed up by the new government, I welcome the fact that it also supports this outcome. I believe our actions should be bipartisan and that we should jointly approach the significant hurdle of getting this building recognised, without any sense of party politics.

I turn to the World Heritage significance of this building, which is not far from Parliament House. The building strikes a degree of emotional support from any individual who visits it because of its beauty, stature, architectural purity and delightful surroundings. However, the building goes well beyond being of local significance — it is of World Heritage significance. It is the most complete surviving architectural expression of the buildings of its genre. In particular it is the greatest and most complete surviving example of exhibition buildings in the context of the international exhibitions that occurred in the late 19th century in Melbourne, Paris, Philadelphia and London.

Its construction in 1880 involved the use of cutting-edge technology. It was the pacesetter — it led the world — in the use of electrical lighting for internal illumination, which until that time was regarded as unachievable. It was achieved for the first time in the world in Melbourne. It is a distinct building and has an internationally significant architectural design. In the technical terms required for World Heritage listing, I believe it has 'outstanding universal value'.

The Royal Exhibition Building was built in grand style in 1880 for the international exhibition of that year. At the time it was called the palace of industry, and was also used for a global exhibition in 1888. Its construction, as well as its use, reflected the wealth of Australia in the late 19th century and part of its historical significance is the era it reflects. As well as the wealth from gold and the wool industry it reflected the buoyant upsurge in Australian nationhood.

There are other buildings of its period in other countries, and it is in this context that it has great international significance. In 1851 the Crystal Palace Exhibition Building opened. It was regarded as being

spectacular but unfortunately was destroyed in 1936. Other such buildings were those built for the 1867 Paris exhibition; the 1873 Vienna Exhibition Building, which unfortunately was also destroyed; the magnificent surviving Philadelphia Arts Hall, built for the 1876 Philadelphia exhibition; and the most memorable of all, the Eiffel Tower no less, the surviving piece of architecture from the 1889 Paris exhibition.

Physically the Royal Exhibition Building forms part of this extraordinary period of confident and rich architecture. It is the grand surviving example. Because it has not been destroyed by fire or the act of man but has been preserved, perhaps by good management as well as by fate, we have the grand surviving example in our capital city of Melbourne. The building is noted for its cruciform shape and its large central dome. It is also distinct because it is surrounded by the Carlton Gardens. I am pleased that 2001 saw the culmination of the restoration program, which resulted in the restoration of the building, the protection of the Carlton Gardens, and most importantly, the demolition of the ugly, inappropriate additions that had been made in the 1950s and 1970s.

One of my most cherished moments as Minister for Major Projects was authorising the destruction of all the bolt-on structures at the north-eastern part of the Royal Exhibition Building. People might forget them now, but they were the large three-storey, mirror-walled ugly additions to the Royal Exhibition Building that not only destroyed the aesthetics of the entire precinct but also forbade generations of Australians from enjoying the complete historic building. Now as one approaches the building one can see all of it, and in particular the north face, which has been completely opened up for public inspection for the first time since the First World War. We can enjoy the fact that for the first time natural sunlight can enter the building from that side, because in the past all the windows had been blocked off.

The building also has a cultural significance, being the place where the first meeting of the first session of the new Commonwealth of Australia Parliament was held, and also being the home of the Parliament of Victoria from 1901 to 1927. The building's cultural significance is a key part of the recommendations for its future preservation and recognition.

The National Trust of Australia is one of the bodies that have long supported the building being properly protected and looked after. In an email to me of 16 March, Randall Bell, chairman of the trust, states:

The national trust has been campaigning for over 10 years for World Heritage listing of the Royal Exhibition Building and is joined by Heritage Victoria and Melbourne City Council to

produce a thoroughly researched nomination. Over these 10 years, the trust has written to successive premiers, presented over 1000 letters of support from trust members to government representatives, and through the Australian Council of National Trusts, sought to persuade the federal government of the importance of listing.

I support the long-term work of the National Trust of Australia, and in particular the work done in the 1990s by the then leader of the trust, Simon Molesworth. His work and the work of others has struck a chord with all levels of government.

Victoria is now in a position where the Howard government's initiative allows it to prepare the case for the permanent recognition and preservation of the Royal Exhibition Building. I do not believe any individual who has visited the building would disagree with that action. Certainly all the people who attended the celebration of Australia's centenary of Federation in the Royal Exhibition Building's Great Hall would have been struck by the beauty and significance of that structure. Everyone who went there that day marvelled at the architectural achievement the building represented and Victoria's good fortune that the building had survived this far, particularly through the indifferent period of the 1950s and 1960s.

My plea is that we ensure there is adequate funding in the long term for the Royal Exhibition Building and adequate funding for its excellent neighbour, the Museum of Victoria — there could be no more perfect neighbour for a heritage building than a museum — and that we work in harmony to ensure the introduction to the world of this great piece of Australian cultural heritage.

All Australia's World Heritage listings are from the natural environment. I do not detract from any of those successful nominations, as they are all desirable and welcome, but it is disappointing that no piece of Australia's built environment is on the World Heritage list. World Heritage listings are not defeated — they are just not progressed. One significant piece of the built environment that has been nominated for World Heritage listing by the Australian government, but which as of this date has not been successful, is the Sydney Opera House. I suspect that the Northern Hemisphere judges felt that such a contemporary building could not be part of the world's significant built heritage. With due respect to them, I believe they are wrong. The Sydney Opera House should be recognised as a significant part of the world's built heritage which happens to be located in Australia.

The other great building in Australia but from a different century is the Royal Exhibition Building in

Carlton. I use this brief speech to express my support for the long-term project of ensuring the preservation and recognition that the building deserves. It is my belief that with bipartisan support that can be achieved. My enduring hope is that we will get people from around the world to visit a building that will simply take their breath away.

Hon. J. M. McQUILTEN (Ballarat) — I am a little surprised by my early call. I will start by supporting the quest of the Leader of the Opposition, together with the Minister for Planning for the recognition of the Royal Exhibition Building in Melbourne.

I, too, was incredibly impressed at the centenary of Federation ceremony not only by the building itself but by what it represented. What was important was not so much the Royal Exhibition Building's bricks and mortar as the incredible symbolism of what had taken place there 100 years earlier. I fully support Mr Birrell's request for a bipartisan approach to ensuring its preservation and world recognition, which is the only way to go.

I have risen to talk about the budget and the wonderful things that have happened in my electorate. My colleagues in the other place and also my colleague here, the Honourable Dianne Hadden, have already listed the wonderful benefits this budget has brought to my electorate, and I do not need to regurgitate all of those figures.

I would like to talk about a couple of issues in which I have had a personal interest. The most important of those is the Maryborough education precinct, and I will say a few words about that. In 1985 when I was a candidate against Tom Austin I walked around the schools in Maryborough and observed the lack of repair. I came to what I would now argue was a short-sighted view — that is, let's start again. I floated that idea in 1985 and did not win. Then, after a bit of thinking and a bit more life experience, I floated the concept again in 1993 after going to Canberra and achieving some support from the federal government.

In 1993 there was a potpourri of assistance of probably around \$10 million. Unfortunately that fell on deaf ears in Victoria and it never happened. By 1993 my concept had changed from one of bricks and mortar to education. It was more about being relevant. When we achieved government some 20 months ago — —

Hon. G. R. Craige — When you thought you would not get there!

Hon. J. M. McQUILTEN — Look, I was under no illusions, Mr Craige! I thought I was doing the

honourable thing by standing for the third time for the Labor Party in Ballarat Province, but — to everyone's surprise — I won!

An Opposition Member — Glad to see you have persistence!

Hon. J. M. McQUILTEN — I do not think it was persistence — perhaps I was slightly mad! However, now I am here. As I said, in 1993 I changed my concept from a bricks-and-mortar proposal to one that was more about better education, la-di-da. That fell on deaf ears and it did not happen.

In 1999 I raised it again. By that stage in my development I was a little wiser and smarter — I am sorry, I hope I was a little wiser and smarter. I wanted to involve the whole of the community in my new concept of an educational precinct that involved private enterprise and offered lifelong learning. The project really needs private enterprise not just to build the complex but to involve local businesses in the process, with requirements for trainees, expertise or whatever.

That has now happened and I am very proud of it. However, I also have to say that it is a complicated task to bring together a town of 9000 people — or 16 000 people in the larger area — to concentrate on education and to restate where they are coming from. My hope for places such as Maryborough and other country towns around Victoria is that eventually they will focus on education as the key to the next step for younger people, by involving our private sector business and industry people and moving forward.

As always, I am finding it difficult to convince people to take that leap — and it really is a leap. No-one thought that I could ever find \$20 million for this project. Members of my own party said I had no hope. I am proving them wrong, but we have not finished. It is a task on which I will have to spend a great deal of time, but I think we can get there. My dream, which I believe it is now widespread throughout Maryborough, is that we can end up with a complex that contains the state school, a technical and further education institute or TAFE, a university, special schools, industry and so on. I have had discussions with the book printers in Maryborough with a view to establishing, with their help, a book printing centre of excellence for Australia. That is not out of the question, because 66 per cent of the books printed in Australia are now printed in Maryborough, anyway.

Education is not just something you have to get before you go to a factory. Young country people deserve better than what we have been able to give them, and I

am hoping that this pilot program will help many other regional centres to take a step forward. I am not talking about towns such as Bendigo, Ballarat and Shepparton because they have their own quantum size; I am talking about smaller places.

Hon. P. R. Hall interjected.

Hon. J. M. McQUILTEN — I am sorry, Peter, I do not want into get into a debate on this because that is not what I am talking about. We can talk about that another time.

I am incredibly pleased with what the budget offers the electorate the Honourable Dianne Hadden and I represent, and I point out that if an education precinct were to be added in Ripon some \$45 million or \$50 million would be forthcoming.

For a long time many places in my area have been without the infrastructure they deserved and needed. Members of the Bracks government, particularly the Treasurer, have made many strong attempts to repair, replace and to add to the infrastructure in the area. I thank the Premier, the Treasurer and the government as a whole for initiatives such as the new police stations in Maryborough and Gisborne. I could go on but it has all been recorded in another place.

I want to talk about a sensitive issue that has concerned me for some time — that is, what is in front of my name. Before I do, I refer to the Royal Exhibition Building, which the Honourable Mark Birrell talked about. It is quite a place. I have been helping Don Bennetts, a scriptwriter who has written a number of things. Mark would know him. He has written a wonderful play about Dame Nellie Melba and Tom Roberts, which I have read.

With a little bit of luck we might see something of that play next year. Don Bennetts, who was out the back a couple of months ago, has written the play as a profile of the Royal Exhibition Building. It is a great play. It would be a wonderful next step one year on from the centenary of Federation celebrations to have a play about the Royal Exhibition Building and its importance to our nation, incorporating a dialogue between Dame Nellie Melba, who was a renowned republican, and Tom Roberts, who was a renowned monarchist. It is a wonderful play; if the Honourable Mark Birrell likes, I can get it for him.

I would now like to discuss my title, which I find hard to come to terms with. When I went to the Essendon High School in 1961 its motto was 'Live worthily'. When I was 12 or 13 I thought, 'What does all that mean?'. As I grew a bit older and got to 14 or 15 I

started to think about that motto — 'Live worthily'. To me living worthily was an interesting concept. I was playing footy, dating the girls and doing athletics, but I had to live worthily — a strange and rather elderly word that just was not used anywhere else. I became a little preoccupied with it. By the time I got to 20 or 21 I actually believed in trying to live worthily — although I must add, I was not always successful. I was aiming that way, but I did not always achieve it. I wanted to try to live worthily.

Then unexpectedly I was elected into this place and I ended up with the title 'the Honourable'. It has made me think about the meaning. We do not talk about the word 'honourable' enough. In my brief period here — I know it is brief compared to the time Mr Baxter has been here, which is quite a number of years — I have heard no discussion in this house about the title 'Honourable' that appears in front of our names. So I went to the dictionary and looked up what it means. The definition of 'honourable' I like the most is 'nobleness of mind'. Then I looked at other meanings, which included 'honest', 'noble', 'virtuous', 'worthy', 'decent' and 'reputable'. I have not heard a lot of discussion in this house about those words. As I said, the meaning I like best is 'nobleness of mind'.

I read all this and thought, 'Why do I have this title in front of my name?'. It is just a tradition, some sort of historical custom. I do not know. I am not making this speech about the meaning of 'honourable' claiming that I am honourable. I know in my own heart that I am not, but I aspire to being honourable. We in this chamber all have the title 'Honourable' in front of our names, but we do not think about it enough. The word has come from history, and it means 'nobleness of mind', 'honest', 'worthy' and 'decent'. I will borrow a quote from Shakespeare. It would be horrible if we were:

... more honoured in the breach than the observance.

Hon. G. R. Craige — I beg your pardon?

Hon. J. M. McQUILTEN — Craigie, you're from the navy, I understand that.

Honourable members interjecting.

Hon. G. R. Craige — Is that from *Romeo and Juliet*?

Hon. J. M. McQUILTEN — No, it is not — 'Wherefore art thou, Craigie?'. No, that is a different one. Five hundred years ago this was a classic. Everyone knows about Brutus, who was an honourable man. It is that I aspire to.

Hon. I. J. Cover — Brutus?

Hon. J. M. McQUILTEN — No, I aspire to be honourable. We should all aspire to be honourable, because we all have that title in front of our names. I would like to finish — I know I am wandering a bit.

Honourable members interjecting.

Hon. J. M. McQUILTEN — I will finish with a quote from Shakespeare's *Henry V*.

An Honourable Member — Henry Bolte would be better!

Hon. J. M. McQUILTEN — I do not think that would be quite appropriate:

I am not covetous for gold;
No care I who doth feed upon my cost;
It yearns me not if men my garments wear;
Such outward things dwell not in my desires;
But if it be a sin to covet honour,
I am the most offending soul alive.

Hon. W. R. BAXTER (North Eastern) — I did not enjoy a classical education, but like my colleague Mr Hall I am perplexed by the Honourable John McQuilten's concluding quote. The fact that the term 'honourable' is a prefix to our names should remind us always of what honourable means in the way Mr McQuilten has demonstrated and illuminated from his research in the dictionary and elsewhere. I would not want that title removed by an exercise of lowest common denominatorism. It would remove the constant reminder that because we are elected to this place we have a duty to behave honourably. Although we do not always achieve it, let us be constantly reminded of what we ought to aspire to on behalf of the electorate.

In response to the other interesting speech since dinner, I agree with the contention of the Leader of the Opposition that the Royal Exhibition Building ought to be on the World Heritage register. It is one of the great buildings of the world and Mr Birrell is to be commended for his work while Minister for Major Projects in overseeing its restoration and particularly the removal of the inappropriate additions of the 1950s and 1960s. All who attended the centenary of Federation ceremony could not but marvel that we still have craftsmen in the community today with the sort of skill and expertise exhibited in the exterior renovations but more particularly in the internal refurbishment.

After years of reading his columns in the *Age* I did not think I would ever get round to agreeing with Kenneth Davidson. Perhaps I will never agree with him

philosophically, but I certainly agree with his description of the budget document — that is, it is a complex, confusing and inconsistent document that is exceedingly difficult to fathom. It is all very well for Mr Hallam to give it 8 out of 10 as a technical document; he was a Minister for Finance and is ahead of the rest of us in being able to define what it all means.

I found it far more difficult than usual. I am somewhat of a well-known critic of budget document presentations and I got into hols with the former Treasurer, Alan Stockdale, on occasions because I thought the documentation was far too confusing and difficult for the layman to comprehend. This year's example is far more difficult than anything Mr Stockdale might have produced.

The people of Victoria are becoming somewhat sceptical in their views of the government. They elected the government believing its rhetoric and with high hopes that it would do what they believed the coalition government perhaps failed to do — and I will not get into that argument. However, much of that was through misinformation spread by the Labor opposition at the time and perhaps a failure of the people to understand and fully appreciate the extraordinary liabilities that the coalition government inherited from the Cain and Kirner governments and the difficult decisions that had to be taken to restore the state's financial viability. People at large acknowledged that the state was turned around financially but perhaps they did not appreciate that that was difficult and meant some areas did not receive the financial support they might have liked to see.

Victorians have become somewhat cynical and sceptical about the Premier and the Treasurer because they have read the budget speech or heard about it on television. They have heard the Treasurer trumpeting that Victoria's debt will be reduced by half by this budget. Mr Hallam disposed of that erroneous view very well, and I will not canvass that again, suffice it to say that Victorians remember that when Labor left office in 1992 the debt was more than \$30 billion. When the Bracks government came to office it had been reduced down to about \$6 billion and there was a \$1.5 billion current account surplus. It is a bit rich for the Treasurer to be claiming credit for reducing Victoria's debt and completely ignoring the work of the previous government.

Similarly, the citizens of Victoria are growing a little tired of some of the repeat announcements. Last year and again this year announcements were made about

fast trains. I suspect they will be announced again next year.

Hon. J. M. McQuilten — You can be guaranteed.

Hon. W. R. BAXTER — Yes, Mr McQuilten, it can be guaranteed. We heard before the election that the fast trains were to be provided for \$80 million. Why did the coalition not promise a similar undertaking prior to the election? It knew full well that there was no way fast trains could be provided for \$80 million. What is the figure now? It is \$800 million, an increase by a factor of 10. The Minister for Transport is almost desperate as he endeavours to get some private sector finance involved so the undertakings might proceed. I do not want to wish him any misfortune but I will be surprised if he gets any private sector support at all for those projects because they simply will not be a viable investment. I do not know how the government will honour that promise unless it yet again increases its commitment to much more than it has already put on the table.

The reference to tax cuts and this innovative and clever cumulative accounting of the tax cuts has already been referred to a couple of times tonight. Many of them will not take place until three or four years after the next election. As I said earlier by way of interjection, which Mr Hallam took up, if we used that sort of accounting, we might as well account that way to infinity because we would completely eliminate payroll tax and all other imposts if that is the way we account for the alleged reduction.

Advertisements appearing in the newspapers and in glossy documents talk about the abolition of financial institutions duty. Yes, I am very glad to see it go from 1 July this year, but by whose courtesy is its abolition coming about? The goods and services tax — the new tax system that is returning all these funds to the state of Victoria! It is part of an agreement made by the former government to abolish financial institutions duty as part of the introduction of the new tax system. Clearly, therefore, it is a bit rich for the government to claim that the abolition of FID is in fact its work and that somehow or other the government ought to be given credit for it.

We have heard a lot about the reductions in payroll tax. Welcome as they are, the fact is that the government is not actually giving much away at all because the take from payroll tax will increase.

Hon. Jenny Mikakos — It is not. You weren't listening to my contribution at all, were you?

Hon. W. R. BAXTER — You're fiddling the figures yet again, Ms Mikakos, because you have expanded the definition of what payroll tax is now calculated on, and what you give with one hand you are grabbing back with the other.

We have heard some references from Mr Rich-Phillips and others to stamp duty. It is quite extraordinary that Victoria has a rate of stamp duty on property transfers that is higher than that of any other state. Yes, I know residential property is booming in Melbourne, and what a great boon that is for the Treasurer of Victoria. He is raking in more than a billion dollars in stamp duty transfer fees, and it is a significant impost on anyone buying a home.

It is not just hundreds of dollars; it is thousands of dollars, yet there seems precious little acknowledgment that that is a big impost on young people establishing their home. They have to meet the market and pay high prices to get into a home, and then they are lumbered with a high level of stamp duty.

I am also hearing a deal of cynicism in my electorate on these repeated announcements about infrastructure, and as an example I will refer to Murray River bridges. At page 251 of budget paper 2 it says, *inter alia*:

Funding is provided for priority improvements to the regional road network including the ... upgrade of four bridges across the Murray River at Corowa, Echuca, Robinvale and Cobram-Barooga.

It sounds good but, as Mr Bishop said, it is not much money. The budget contains an allocation of \$700 000 for those four bridges, notwithstanding that the total amount required to build them runs into many millions of dollars.

But worse, the commonwealth, to its credit, has actually provided \$15 million to build the bridge at Corowa; \$15 million for Echuca and \$17 million for Robinvale. It put that money on the table two years ago under the Federation funding arrangements, yet we are still to see construction start. Is it any fault of the commonwealth? No fear. It is entirely the fault of the New South Wales and Victorian state governments, which seem unable and unwilling to get the schemes under way — and this budget confirms it, with the paltry allocation of \$700 000 for work on those bridges.

If the government is not careful, we could well lose that funding. Federation funding will come to an end eventually — we cannot continue celebrating Federation ad infinitum and we could lose that funding, all because the government wants to make statements about priority infrastructure investment yet it is not

prepared to put its money where its mouth is, and I am thoroughly disappointed about this.

The Minister for Transport came up to Cobram only a fortnight before the budget and announced that he was putting in \$5.5 million, along with his New South Wales counterpart, to replace the ageing bridge connecting Cobram with Barooga. What a great announcement! Mrs Powell, the member for Murray Valley in another place and I have been working on it for quite some time, and the minister said the bridge would be completed within two years — an \$11 million structure.

Imagine our disappointment, to say nothing of our cynicism and concern, to see in the budget only a fortnight later a sum of \$700 000 allocated for works to four bridges, and no forward planning — nothing in the forward estimates. How is the time line trumpeted by the minister going to be met? This is why I say there is a cynicism setting in in the community. The high expectations and enthusiasm are waning because people are seeing that this government is not delivering.

What about the fanfare surrounding the school bus review? Where is Mr Theophanous now? He produced an interim report to say that the dogs who were yapping for some action might be called off; but it turned out that the interim report was not worth the paper it was written on, and months later we are still waiting for the final report.

Talking about other delays with the government and its failure to make decisions, we now have community cabinet meetings. Government members go swanning around country Victoria, and I notice there was a community cabinet meeting at Seymour yesterday, and the cabinet members came up to Wodonga on 26 March. They met a range of community groups and gave certain undertakings, but I do not think one of those groups that were given undertakings on 26 March has yet heard back about anything — yea or nay to their requests.

I give one particular example which I have raised in the house on the adjournment debate concerning a group headed up by Mr John Mitchell of Bethanga. This group is interested in a very, very small amount of money to assist it in acquiring for the community a piece of land on the Mitta Mitta River. For the past 100 years people have assumed this land was public land because it has been used as picnic grounds and the like but it so happens that it is private land. The beneficiaries of the deceased estate want to sell the land and have offered it to the community for \$30 000. This group raised \$15 000 and spoke to representatives of

the community cabinet in Wodonga about the government providing the balance. The group members thought they got a good hearing but they have been unable to secure any answer from the department at all despite many telephone calls, emails, letters and the like from my office. Mr Mitchell called into my office in Wodonga today. In the final paragraph of a letter to the Premier he states:

I earnestly request that you give this matter your immediate attention as time is running out on us.

The group has a contract signed subject to finance. It thought that it surely would not take four months to get an answer, but it cannot get any response — emails are ignored, phone calls are not returned, letters never see any sort of response at all. This is why I say the community is losing faith in this government.

The community is also losing faith because it sees the hypocrisy of this government. Those people who understand the situation and take any notice at all remember when this government was the opposition and how it railed against the former government using section 85 statements in legislation. Many people took the view that this was an untoward thing for the Kennett government to do, that there must be something wrong with it and that Labor would never do it in government. I have no hesitation in saying that if one had a look at the statistics one would find that in its first 20 months this Labor government has used section 85 statements to a degree far beyond that of the former government. The publicity this issue has received in the past fortnight over the marine parks legislation has really cemented in the community's mind the fact that this government is riddled with hypocrisy.

Hon. P. R. Hall — Every second bill.

Hon. W. R. BAXTER — Yes, Mr Hall. Yet in opposition Labor tried to paint a picture that this was somehow undemocratic and that it would never do it.

Hon. P. R. Hall — Hypocrites.

Hon. W. R. BAXTER — As you say, it is hypocrisy. Talk about Labor's calls for openness and accountability! It is amazing that once it got on the other side of the benches Labor found that it did not want to disclose things at all. I was interested to see that the Auditor-General will now conduct an inquiry into some of these secret deals. I support the Auditor-General in doing that because Labor made the claims it did in opposition and now it will have to deliver.

Hon. P. R. Hall — We might find out how much it cost for the Heineken Classic.

Hon. W. R. BAXTER — Yes, we may well do. We might also find out about the Holden engine plant and quite a few other things. In opposition this government gave the impression to the people of Victoria that it would never behave like that and yet it is. I look forward with interest to the results of the Auditor-General's inquiry.

I also want to refer to the cynicism we have seen from the government as exhibited in the proposal for the municipalities of Albury and Wodonga to amalgamate. We all remember when the former government restructured local government in Victoria from 210 municipalities. I do not think even anyone in the Labor Party would believe we should have continued with 210 municipalities in a state as small as Victoria

Hon. D. McL. Davis — They had tried.

Hon. W. R. BAXTER — That is right, Labor itself had tried to do a restructure some years earlier. The restructure was done following a consultation process by a local government board headed by the now member for Prahran in another place and a couple of other members and there was widespread consultation around the state. Of course we had Mr Bracks as opposition leader saying that he would never force an amalgamation without a poll of the people in consultation with the people. When Mr Kennett floated the idea that perhaps Albury and Wodonga should look at merging, Mr Bracks and his predecessor Mr Brumby were dead against it. More particularly, the Premier of New South Wales would have nothing to do with it. He said it was a dreadful Kennett stunt and he would not have anything to do with it. On 26 March this year Mr Carr flew in from Sydney and Mr Bracks and the cabinet came up from Melbourne and, without consulting or informing the mayors, the councillors, the citizens of Albury and Wodonga or the local members, they announced at Lake Hume that Albury and Wodonga were going to merge. That caused a ripple of consternation. As an aside, I cannot resist relating the experience I had with the Honourable Gavin Jennings, the Parliamentary Secretary of the Cabinet. He is not here unfortunately, but at the time he asked me what I thought about it. I told him that I thought the idea was quite good in principle but I never believed Labor would implement a Kennett government policy. Mr Jennings was quite taken aback by that — he was unaware that this had been floated a few years before. He was under the impression that this was some brilliant Labor Party idea.

What has happened since? Because it was so appallingly handled by the two premiers who did a complete backflip from being absolutely opposed to even discussing this concept to coming in and saying it is going to happen, we have had all sorts of demands for a referendum. We are very much in a position where the whole debate will be derailed by people concerned about this proposal being foisted upon them without them having a say. Not surprisingly, quite a few people are demanding that there be a binding referendum and, frankly, I do not blame them. Some of them have noted that we have just had a brilliant illustration of what this government thinks about the will of the people. We have just had a poll of barley growers and 86 per cent voted one way and the government went in the opposite direction. Naturally, people are saying they need a binding referendum in Albury and Wodonga if this project is to proceed.

Worse than that, because they have handled it in such an appalling way they are playing right into the hands of One Nation. Two or three hours ago, a One Nation candidate accompanied by some of her acolytes wearing black armbands was parading up and down the streets saying, 'This is the death of democracy!'. That is the sort of activity the government is generating through its abysmal handling of this issue.

The idea of amalgamating Albury and Wodonga has merit. The facts should be put on the table and thoroughly considered, but it cannot succeed now with community support unless a referendum is held, because the Premiers of Victoria and New South Wales have got themselves into such a situation that they have played right into the hands of One Nation and so there is no alternative but to handle it that way. It is extraordinary that the Premiers could not see that happening.

Another interesting illustration of what the Labor Party really thinks about the views of the people is what the local federal Labor candidate did. She thought she was doing a brilliant job just before the Labor Party state conference, so she put an urgency motion on the conference agenda to discuss this issue and called for a referendum, but what did the conference do? It refused to even debate it! That is what they thought of the people of Albury-Wodonga, and that has not gone unnoticed.

In talking about Albury-Wodonga I refer to the long-running saga of the proposed Hume Highway bypass of Albury-Wodonga, which should and would have been built years ago if we could have got community consensus on the route it would take. In any event, to his credit, the federal Minister for Transport

and Regional Services, the Honourable John Anderson, has listened to what the majority of the people appear to be saying and has committed some \$380 million to building what is known as the external bypass. I am sure that is the desire of most of the people of Albury-Wodonga, although it is fair to say that there are some, particularly in the business community and especially in the transport industry, who are unhappy with that decision and would prefer the so-called internal route.

To his credit, Mr Anderson has said, 'Look, we will build the external route for \$380 million. I will put a further \$70 million on the table to assist you to build a second river crossing for Albury-Wodonga, a good internal relief route from the Lincoln Causeway out of Wodonga to Thurgoona Drive in North Albury, provided Victoria and New South Wales each put in \$38 million, bearing in mind it will be a state road and that the federal government will have no responsibility once the external route is built'. That is a very generous offer by Mr Anderson. I am disappointed that the state governments have not responded to the offer and agreed that it is a good deal for them and an exceptionally good deal for Albury-Wodonga, because it would get its cake and eat it as well: it will get an external bypass and an internal relief route.

At the weekend New South Wales National Party conference I was speaking with the federal minister, and I understand Victoria is showing some signs of coming to the party. I encourage that. The federal contribution to the Scoresby bypass along with what it is offering to put in for Albury-Wodonga is such a good business deal for the Victorian government that it would be mad to walk away from it. I hope the indications that we are getting prove to be correct. I am thoroughly disappointed that Mr Scully from New South Wales seems absolutely intent on stymieing the project. He has said he will not put in a dollar; that it has nothing to do with him, which appears to be a reflection on his Sydney-centric view that anything on the other side of the Blue Mountains has nothing to do with the government of New South Wales. That is a disappointing attitude for him to express and I hope he takes a more realistic attitude before too much longer, because the people of Albury, who are among the electors of the New South Wales government, will pay the price if he does not adopt a more realistic attitude.

In talking about state development, I refer to the government's inability to get hold of issues, take decisions and bring them to a conclusion, rather than letting them fester, leaving them in limbo or doing nothing about them. A range of little decisions fall into that category. One of them is in Nathalia, where a local

entrepreneur — he would not want me to call him that — a local fellow much younger than me who was brought up in the district from a modest background took some risks early in his career and established a stockfeed business that has been mightily successful.

Mr James now owns the former Grain Elevator Board silos in Nathalia with a storage capacity of 8000 tonnes. He wants to build a feed mill next to the silos to replace the current feed mill which he started and has built up, but that is too small to gain economies of scale and is on a site that does not warrant investing \$3 million or \$4 million putting in state-of-the-art milling technology. He has a lease from Victrack for the land adjoining the silos where he wants to build the feed mill, but his bankers have said — and I have seen a letter from them — that they are not prepared to advance the \$3 million required if the mill is built partly on leasehold land and partly on freehold land. He is desirous of buying this surplus railway land.

It appears from my inquiries that there is no objection to selling the land. It is just that Victrack and the government claim they have too many such items on their plate and cannot get around to doing it. If that is the truth, then that is a dreadful attitude to have because it is stymieing investment in a small town like Nathalia. Mr James may well go somewhere else, which would be a tragedy for Nathalia, a small town which is struggling but one which has good local leadership, good prospects of growth and a good basis to continue as a viable entity, but if it is knocked around by losing this type of investment then it is on the downhill spiral.

I appeal to the government to get on with it, to take the decision to sell this person the small amount of land and let him get on with his investment. In recent years Nathalia, through good local leadership by Barry Franklin, John Giffard and others, has attracted a community bank. It has a good development organisation, the Nathalia and District Development Organisation, and is progressing. I reflect upon the remarks by Stuart St Clair, the National Party federal member for New England, who in Albury on Sunday said that towns with good local leadership will survive and thrive and those without will die. He is dead right — that is what will happen.

Here is an example where the local leadership wants to move forward but cannot get this tick-off on a relatively minor issue from the government — a government that was elected on the basis that it would look after regional Victoria. Here is a classic case where it appears unable to get its act together. I hope that can be rectified in the next few days.

I also express my disappointment that natural gas has not yet reached the town of Nathalia. It was to be supplied with reticulated natural gas but, unfortunately, when Origin Energy, now Envestra, took over that portion of the Gas and Fuel Corporation it decided not to extend the gas line to Nathalia. I have had numerous discussions with the minister. I do not blame the Minister for Energy and Resources in this case because she has been helpful and has found herself in a cleft stick as well because this is a private enterprise decision not to move forward with that reticulation.

I received a letter from the minister on this issue only last Thursday suggesting that the gas distribution price review, which will take place during 2003, may be a lever in which some pressure can be brought to bear on Envestra to meet what I think is certainly its moral obligation and, I would have thought, its legal obligation to supply gas to Nathalia, bearing in mind it bought the business knowing that this was the commitment. It is disturbing that the company should be able to walk away from the commitment. I look forward to the minister's support in continuing to keep the pressure on the company.

I refer the house to another development that will also impact on that township — the proposal to restore a natural floodway in the Lower Goulburn from Loch Garry along Deep Creek to its confluence with the River Murray at Lower Moira. At the outset I declare a pecuniary interest in this matter because I happen to be a landowner in the area affected, and own a piece of land which will be acquired if the project proceeds. I, along with many other land-holders, have a great attachment to those parcels of land. In this case my family has owned it since 1934 and I think I have been the owner since the 1970s, but nevertheless I believe the scheme has a great deal of merit and that it should proceed.

The Goulburn River is a unique river in the sense that most rivers widen as they move downstream. The Goulburn River, for reasons which perhaps are not easily fathomed, in fact narrows. The reason I think it narrows is that naturally it had a flood outlet at Loch Garry. Prior to the construction of the embankment of Loch Garry water spilled out through that opening when the river rose, and that is how floods were passed. With the construction of Loch Garry in the 1920s, and the construction of levee banks along the Goulburn River using public funds as work relief schemes during depression times, the only way floods can pass down the Goulburn River now is by the levee banks breaking somewhere.

I was shire president in Nathalia during the time of the record flood in 1974, which was topped by an even higher flood in 1975 and subsequently topped again in 1993. I was standing on McCoy's Bridge one foggy night during the 1974 flood when the river bank broke and provided that relief. The problem is that if one is relying on a levee bank to break to provide flood relief you get into all sorts of interesting circumstances and situations. Firstly, you do not know where the bank will break, so it is random, and secondly, it leads to a great deal of suspicion among neighbours as to who might in fact be assisting the bank to break somewhere, and at worst it actually brings shotguns out. I have seen all of that happen.

Over the years I have tried diligently to get a solution to the problem. For a long time I supported an engineering solution that would have installed spillways along the levee bank. They would not have prevented floods but they would have meant we knew where the water would flow out of the river and at what river heights the spillways would be activated.

A lot of work was done on that scheme, but the proposal was voted down at a public meeting in the Kotupna hall in October 1992. So far as I recall it, that was an interesting meeting, which did not do much for my sensibilities at the time. My colleague the honourable member for Rodney in the other place was assaulted by being pushed over a table, but worse still, somebody said I could not be trusted to count the votes.

Hon. E. G. Stoney interjected.

Hon. W. R. BAXTER — We had scrutineers present, too. The result of the poll was that the scheme was voted down and it looked as though we would be stuck with the status quo. However, nature being what it is, the 1993 flood arrived soon after and, to use Mr Hallam's term, it was a doozy. The levee broke in several places and about \$20 million worth of damage was caused. It cost \$1 million to repair the levee banks. To his credit the then water supply minister, the Honourable Geoff Coleman, made the \$1 million available to repair the levee banks, but he did it on the basis that that was the last time the taxpayer would fund the repair of the levee banks on the Lower Goulburn River unless the community took some action to overcome the problem.

Since then a good deal of work has been done. The proposal to restore the natural outlet at Loch Garry has gained credence. The conditions of the time assisted in getting the proposals up in the light. Not only will the proposed scheme restore a natural regime — and there is a good deal of support among the community to

restore the natural environment — but it will also go towards reducing the nutrient load in the Murray River.

Instead of floodwaters tearing down the Goulburn River and carrying nutrients into the Murray River, the waters will be spread out across the natural flood plain and many of the nutrients will drop out. The other benefit is that many of the young trees will be able to regenerate, thereby leading to a greenhouse gas or carbon sink effect. It would be a combination of the three fashionable but important environmental circumstances coming together that would enable the project to proceed.

The commonwealth government has made money available under its environmental programs and the state government, through the budget, has said it will join in the project. The Minister for Environment and Conservation has announced that the state supports it in principle. I want to see the project started as soon as possible.

I was pleased to receive from the Goulburn-Broken Catchment Management Authority a program that suggested the planning amendment for the acquisition area would be completed by October 2002. It said the acquisition phase would take about 12 months and the capital works program would be completed by June 2005.

Bearing in mind what is to be done, that is a reasonable time line, but it must be remembered that the next flood gets closer by the day and now is not a time for procrastination. Years have been spent in arguing about the project. Now is the time for decision and action; let us get on with the task.

If the status quo were to remain, Loch Garry would need to be replaced. I cannot see the taxpayers at large paying for that; it would become a charge upon the benefiting land-holders who now pay 66 cents an acre impost for the land in the flood protection district. That is nowhere near enough to fund the replacement of Loch Garry. The people there would be looking at a big rate increase.

If nothing happens, the land in the area will be in limbo and become virtually unsaleable because any potential buyer would know that come the next flood, all sorts of demands would be made for something to be done. There is no option but to proceed.

Probably not all the farms there are whole farms. It is not as though people live there and rely on the farms as their principal farms. Because the land is subject to flood and relatively marginal, most of the land-holdings are ancillary to main farms elsewhere in the district,

perhaps 10 or 12 miles away. It is not as though farmers will be pushed off the land. They will have the opportunity to have that particular part of their farm acquired and they can either invest the money on the stock exchange, retire or do as one farmer did last week — buy another farm that came up in the district to replace the one that is lost. There are plenty of opportunities for landowners to restructure their businesses well. The time is now propitious, and we must get on with it.

While talking about farming, I want to say something about how we need take greater steps to get young people involved in agriculture. The average age of farmers is quite high and continues to rise. It is understandable that young people are not wanting to take on farming, because agriculture is constantly talked down. So much is heard about how tough it is on the farm and how difficult it is to make a living; how crook it is in country districts and how services are being withdrawn, and the like.

It is no wonder people are turning away from agriculture because of the doom and gloom in the community, but there are tremendous opportunities in agriculture. Many people on the land are doing quite well. I would rate it at about 70 per cent of farmers who would be enjoying a quite satisfactory lifestyle, making a comfortable living and enjoying it.

Probably up to 30 per cent of farmers are, for various reasons, struggling. They are the ones who get the ear of the press. They are the doom-and-gloom merchants that so much is heard about. They are turning young people off the land.

However, we can look at the dairy industry, the grains industry, the oil seed industry and the like. I know a tomato grower who has over a million plants growing on trellises — a tremendous business. It started from virtually nothing; there was an opportunity; he has capitalised on it and done extremely well. There is a mint grower who has a niche market in the upper Murray; this young fellow has seized an opportunity. A lot of work is being done in the alpine valleys, with high-value horticulture coming in and being encouraged. I believe there is tremendous scope there if we can get out and sell it better, and that agriculture has a great future.

I had a great experience over the weekend. As I said, I attended the New South Wales National Party conference in Albury, which Peter Ryan, the Leader of the National Party from Victoria, also attended. We got talking to a family in Wodonga whom the Ryans had known when that family had previously lived in Sale.

The father is a physiotherapist and the mother is a schoolteacher. We heard about their son who has had no experience in agriculture at all and who had just gone out the day before to Wyvern station at Carathool and got himself a job as a jackaroo for 12 months pending going to university to do an agriculture degree. He is absolutely enthused about a career in agriculture. That does not mean to say he is necessarily going to become a farmer, but he sees there are extraordinary opportunities available. He likes the lifestyle. He likes the opportunities he can see in front of him. It made my day that a youth of 17 or 18 had made this decision without having any background in farming at all. That is the sort of thing I believe we have to encourage.

I endorse and commend the Rural Finance Corporation for the rural scholarships that it awards each year to encourage young people into agricultural careers. I think the farm apprenticeship scheme is also very useful.

However, I do get my disappointments, and one of those was the Federation commemoration at the Royal Exhibition Building, which was referred to earlier tonight by other speakers. The references to past notable Australians and events in our history were good, but I was thoroughly disappointed that nowhere at all reference was made to the part that agriculture has played in building this nation. We did not ride on the sheep's back for nothing — it actually did underpin the growth of this country — and it was really disappointing that that was not acknowledged, and nor were any of the great personalities of agriculture. It was left to the Speaker of the House of Representatives, Neil Andrew, in the centenary of Federation sitting in the other chamber, to refer to Farrer, the plant breeder. I thought that that was an extraordinary oversight. I put it down as an oversight — I hope it was not deliberate — by a politically correct government that saw agriculture as old hat and did not want to mention it. I will say it was an oversight but it was disappointing.

Similarly this budget is disappointing because agriculture and its contribution to the economy of this state scarcely rate a mention in the Treasurer's speech. I think it gets one sentence and that is not good enough when so much of our economy is underpinned by agriculture. That is one of the reasons I think we have to be very careful about the debate on genetically modified organisms. Although GMOs offer great opportunities to Victoria in increased productivity, less chemical use, new products and the like, I am very concerned with the discussion paper that has been put out by the government.

I do not have time to go through it in detail tonight, but I believe a Victorian government consultation paper of March on genetic-engineering-free zones deals with the totally unworkable concept that we can lock up parts of the state and make them GMO free. I am resisting municipalities in my electorate that want to ring-fence their bailiwicks and say, 'We are not having GMOs in our municipality', because their neighbours will leave them behind. If a municipality wants to make its farmers less competitive than their neighbours I say, 'Look out'. It is true that we do not know all answers yet and we have to take care. We have to make sure we manage it well and with fairly stringent safeguards, but let us not try and do a King Canute and say, 'It is not going to happen. We are going to stop the tide'. To that degree I applaud the Premier for his intention to attend a meeting in, I think, Los Angeles in the next month or so. I was pleased to see his response to the criticism he got last week from a particular organisation that believes he should not be attending, and I endorse the Premier's attitude on that.

I am particularly critical of the Australian Conservation Foundation, but it would not be for the first time. For a body that gets a lot of taxpayers' money it conducts itself disgracefully at times, and particularly in issuing a pamphlet entitled 'Genetic engineering: Freeze it for five years'. If honourable members read through it they will see it is some of the greatest scaremongering you would see in a day's march, and it is unbecoming of what is supposed to be a responsible organisation that it should print that sort of stuff.

While I am talking about the future of agriculture and some of the threats to it, I will comment on foot-and-mouth disease (FMD). I went to the United Kingdom in April during the break in the parliamentary sittings to look at the crisis that has beset that country with FMD. I was absolutely astonished at the lack of preparation of the British government for an outbreak that should have been anticipated, bearing in mind it had FMD as recently as 1967 and that it is endemic in some nearby countries. Millions of people go in and out of the United Kingdom each year, whether it is through Heathrow, on ferries or wherever, and given the trade that takes place clearly Britain was at grave risk of an FMD outbreak — and it got it.

I was staggered by the lack of organisation, the confusing signals being sent out to farmers and the general despair that that generated. The farmers were put under tremendous pressure. We have seen the stress levels that ovine Johne's disease imposed on some of Victoria's farmers. The stress levels imposed by foot-and-mouth disease are much greater.

Not just farmers were affected, and at least they were compensated for the slaughtered animals. The tourism industry, on which Britain depends so heavily, also suffered. In particular the bed and breakfast operators, tour operators and small hotels in country locations saw their trade dry up. People did not leave London. The burden on the British economy is incalculable.

When I came back to Australia I took particular note of the quarantine methods at Tullamarine Airport. Despite the fact that I had been careful not to go on any farms, I declared my shoes. Although I came back at 4.30 a.m. I was pleased to note that the quarantine measures were appropriate and well executed. However, at the end of the day we are relying on people's honesty. With international travel at its current level, it will be very difficult for Australia to remain immune from this disease. I was pleased that the federal government allocated another \$560 million in its budget for increased quarantine surveillance.

It could well be that this disease is introduced into Australia by accident, by some misguided soul or, worse, deliberately by terrorist action. Although the rate of spread may not be as rapid in Australia as in Britain because of this country's hotter climate and greater distances, bearing in mind that foot-and-mouth disease seems to be more easily transmitted through the pig population than through cattle and sheep, it would be virtually impossible to eradicate it because of the feral pig problem not so much in Victoria but in New South Wales and Queensland.

When I arrived back I took up the matter with the state Minister for Agriculture to make sure Victoria has an action plan. On reflection, perhaps at the time I referred to the matter a bit flippantly as being in the bottom draw. At least Victoria has a plan. The minister's response was very good and I was encouraged by it. However, we must be vigilant, and I am very happy that a number of vets have gone from Victoria and Australia to the United Kingdom, including Dr Bill Sykes from Benalla, who is currently in the UK. It means Victoria will have a reservoir of knowledge should this state ever be so unfortunate as to suffer an outbreak.

I now turn to the Melbourne Museum.

Hon. J. M. Madden — That is a quantum leap!

Hon. W. R. BAXTER — Yes, a quantum leap, Minister. I was very proud to be part of the Kennett government that refurbished so many of the great icon buildings of this state, including the Old Customs House, the State Library of Victoria, the Royal

Exhibition Building, the Old Treasury and buildings in country Victoria — they might not be the icons in Melbourne — such as art galleries in Bendigo and the historic courthouse in Beechworth. It was a delight to see the refurbishment of so many buildings the fabric of which had been let go during the Cain and Kirner, and perhaps, the Bolte years. For all his attributes Sir Henry was not a great one for taking into account the historic nature of some of our classical buildings.

Hon. W. I. Smith interjected.

Hon. W. R. BAXTER — As the Honourable Wendy Smith says, it was the cultural attitude of the 1960s. That is why a glass box was built onto the Royal Exhibition Building and other such buildings. It was tremendous to see the refurbishment of those buildings.

I was pleased to see the museum built in the Carlton Gardens. I must confess that I had some reservations about the style of the building when I saw the model. However, because it would have been impossible to replicate the Royal Exhibition Building, anything built next to it had to be a great contrast to be justified. Although I am delighted with the museum building, I am unhappy about its content. I have been to the Museum three times.

Hon. G. K. Rich-Phillips interjected.

Hon. W. R. BAXTER — That is about right. There is nothing there but Phar Lap. I was thoroughly disappointed with it. An article in the *Age* of 19 May summed up my feelings quite well:

On the second floor of the Melbourne Museum long glass cases are filled with dead birds: parrots, rosellas, sparrows, owls stacked in piles. There are butterflies, mosquitoes, shells — hundreds of objects plucked from the museum's natural history section. There are no labels, no information on the creatures' species or taxonomy. Instead, nailed like accusations on the cases are words: collected, counted, salvaged, accessed, named ...

I have looked at it twice and was mystified by what this collection of dead birds with tags meant. The article helped me because it told me it is a piece of art called *Stilled Lives* by the artist Janet Laurence and that it deliberately strips the objects of context and meaning. As the article further states:

It mocks the museum of old.

It sure does! It is the most disgusting piece of work I have seen in a day's march. Unfortunately it is not a one-off. The museum is full of kitsch. It is a monument to political correctness, and frankly it is a citadel to mediocrity. Where are the real treasures that we know

the museum owns? Why can we not see them? Why do we have to have a gallery of body piercing, for example! That is a disgusting exhibition if ever I saw one!

The director of the museum, Dr MacDonald — who I will say in passing, bearing in mind the speech he made at the opening ceremony, is somewhat lacking in any sort of commonsense — is praising up attendances at the museum and saying how great they are. Of course they are good! It is a new building representing \$200 million worth of taxpayers' money and anyone would want to have a look — but not too many will be going back for a return visit.

Dozens of my constituents who have come down from north-eastern Victoria to visit the museum, thinking they would have a great day out, have gone home disgusted, disappointed and confused, wondering what sort of a place we have got for our \$200 million. Yes, Victoria has a mighty building, but because of what is displayed in it and the way it is displayed, an opportunity is being lost.

Hon. W. I. Smith — What about the Aboriginal exhibition?

Hon. W. R. BAXTER — Don't get me on to that!

Hon. W. I. Smith — I thought that was very good.

Hon. W. R. BAXTER — In contrast to the museum, when you visit the State Library of Victoria, which is not yet complete, you can feel the enthusiasm there. The State Librarian, Frances Awcock, and the work she is doing in — —

Hon. E. J. Powell — Brilliant!

Hon. W. R. BAXTER — Yes, it is brilliant, Mrs Powell. I find it difficult to match the two up: a museum that could be a world icon but is not and it appears will not be; and a state library that we can all, fortunately, be proud of.

Finally, I will talk briefly about my other favourite subject — that is, Workcover. Workcover is a time bomb. We all remember the \$2.1 billion deficit run up by Labor in only six years from when it established Workcare in 1985-86 to when it went out of government in 1992. Employers all remember how the scheme was run by the unions, and they all remember and pay great tribute to the work of the former Minister responsible for Workcover, the Honourable Roger Hallam, in restoring financial viability to Workcover, getting the lawyers out of it, getting the unions out of it and lowering premium levels to 1.9 per cent.

However, since the Labor government's return to office the reverse trend has set in: premium levels are going up, the unions are back in, the lawyers are back in, and the Auditor-General's *Report on Ministerial Portfolios* released last week conveyed the shocking news that in the six months to December last the scheme lost \$651 million. No matter how you read it, the fact of that loss over six months cannot be escaped, and no amount of beating around the bush and attempting to blame it on the former government, the GST and the fall-off in investment levels will allow the Minister for Workcover to escape the fact that Workcover is in serious trouble.

Hon. C. A. Furletti — Yes. Where is the invisible Minister for Workcover?

Hon. W. R. BAXTER — He is about, at times, Mr Furletti. We are now on the slippery slope back to a bankrupt workers compensation system in Victoria.

An alarming development occurred yesterday — that is, the appointment of the chairman of the Victorian Workcover Authority as chair of the Transport Accident Commission. That is a very bad move. Those two organisations ought to be kept separate. The Transport Accident Commission is a proven success, while the Victorian Workcover Authority is a former disaster that has the potential to be a disaster again. The VWA needs a chairman who can devote his full attention to it without being sidetracked by the TAC. I also have a philosophical objection to someone who has been the chief executive officer of an organisation becoming the chairman of that organisation, although I see that is not a unique circumstance either in government or in private enterprise, where a few chief executive officers of BHP have ended up as chairmen — and not always terribly successfully.

Worse still, I believe the appointment is a forecast of and a precursor to an amalgamation of the two authorities. I believe this government will attempt to hide the dismal financial performance of Workcover in the financial viability of the Transport Accident Commission. The motorists of this state will be underwriting union thuggery and rorts in the Workcover authority. I will resist that amalgamation, as I am sure my colleagues in the opposition will resist it. Those organisations must on no account be subsumed one into the other, because that would not be either open or accountable, in relation to which this government makes such a play for acclaim. It would be a very suspicious move, which would be resisted in many quarters.

I will finish where I began. This budget is a disappointment. The people of Victoria are beginning to wonder about it. They heard the big promises and had high expectations but they are rapidly losing their enthusiasm for it because they can see that so often the government's actions are reminiscent of the Cain and Kirner years.

Hon. D. McL. DAVIS (East Yarra) — In making my contribution to the budget debate I shall pick up on the Honourable Bill Baxter's point about the museum.

Hon. E. G. Stoney — It is the topic of the day!

Hon. D. McL. DAVIS — Indeed. It is a useful starting point for the budget speech. In many ways it is a metaphor for the position of the state.

An honourable member interjected.

Hon. D. McL. DAVIS — The point is that the Kennett government planned and built the museum; this government only completed it.

Hon. M. A. Birrell — Only opened it!

Hon. D. McL. DAVIS — That is right. I am sure this government finished its painting! The point is, as the Honourable Bill Baxter said, that the museum required vision. He also said many were unsure about the design of the new museum; however, it has proved to be an award-winning, world-beating design that will see us through the many years of this century. The design reflects the vision of the past government, and the lack of major projects of this type is an example of the lack of vision of the present government.

I am informed that the Honourable Graeme Stoney has something of the old museum — —

Hon. E. G. Stoney — The old exhibition building.

Hon. D. McL. DAVIS — He has something of the old exhibition building in his possession.

Hon. M. A. Birrell — One of Graeme's horses is stuffed in the museum?

Hon. D. McL. DAVIS — No, it is more interesting than that. The old building to the north of the exhibition building that was removed to build the new museum — —

Hon. E. G. Stoney — No, the exhibition building.

Hon. D. McL. DAVIS — I understand Mr Stoney has recently purchased a beam from that building and installed it in his house so he will now be able to

consider both the old and the new and to reflect on that as he wishes.

I will begin by analysing the budget in terms of the government's own parameters. As honourable members are aware, the government constantly talked about four key — —

Hon. G. W. Jennings — Pillars!

Hon. D. McL. DAVIS — Mr Jennings might want to call them pillars. They were responsible financial management, so-called growing the whole state, the claim to deliver improved services, and the claim to restore democracy. I will analyse those claims within the government's aims and stated objectives. I make it very clear that I do not believe the government is achieving its aims in any of those areas. One cannot analyse more than one or two examples in each area but I make the point that those aims are not being achieved.

I will also pick up another point Mr Baxter made at the end of his speech about Workcover because it is a clear example of a lack of financial responsibility. In early 1992 the Honourable Roger Hallam and others in the Kennett government were successful in putting in place mechanisms to restore financial probity and financial security to that organisation. Everyone will remember the \$2.1 billion deficit at the change of government and the blow-out in premiums. They remember the success of the previous government in restoring a sound organisation and establishing premiums that were competitive both nationally and internationally.

I remember talking to the Honourable Bill Baxter in 1990 and 1991 as Workcover careered out of control. He had responsibility within the then coalition opposition for dealing with Workcover and for trying to achieve a result for the state from opposition. Alas, he was unable to do anything until the Kennett government came into power.

We are now seeing a fast return to the previous style of management in Workcover. As members of the Public Accounts and Estimates Committee, the Honourables Gordon Rich-Phillips, Louise Asher and I saw this at an early point. It was clear that the early data coming through revealed that Workcover was a considerable worry to the budget sector of government. Setting aside for a moment the private sector, it was clear as early as May and June last year and at a Public Accounts and Estimates Committee hearing on 8 August when the Minister for Community Services admitted that the new Workcover changes would have a significant impact on government sector entities and on parts of the private sector that were funded through the state budget.

As members of the Public Accounts and Estimates Committee we warned that the government was on the wrong track and that the changes to Workcover were likely to have a significant impact on the budget sector and the whole economy. That has come to pass. In the past few weeks increasing amounts of information have come forward, including the most recent information of a \$600-million blow-out in Workcover's financial position. That will get worse and will have a greater impact.

I echo the concerns of the Honourable Bill Baxter about the link-up between the Transport Accident Commission, the appointment of a former chief executive officer to the position of chairman of the board and the management of Workcover itself. There is also the appointment of one of the Premier's advisers and the appointment of the firm, Shannons Way. The government has clearly been unable to fill the role and as a result requires further external assistance.

There is no doubt that that is a sign that Workcover is being treated as a government plaything — not as something of great seriousness to both injured workers and the economy but as something the government can treat as some kind of reward for certain supporters and others.

I wish to make some comments about the budget, starting with page 300 of budget paper 2. Appendix D contains a series of budget figures. It is important to understand the importance of appendix D and the accrual uniform presentation of government finance statistics. The heading 'Budget surplus' is presented earlier in the budget papers — for the benefit of the house, it is around \$508 million, as shown on page 288 — but appendix D presents information in a format accepted by the Australian Bureau of Statistics for the government finance statistics. At page 291 the budget paper states that the system is designed:

to provide statistics relating to all Australian public sector entities. The statistics show consolidated transactions ...

The aim of this is to present a uniform approach that enables comparisons to be made across different governments and different organisations throughout the country.

When one analyses the cash flow statement at table D.7 on page 300 one sees that within a short period the government is likely to enter a cash flow-negative position of \$22 million. I note that that is an estimate for 2001–02.

If one looks at table D.1, 'General government sector operating statement', and at the budget figures there for

2001–02, one again sees a move to a significant deterioration in this financial year and beyond. It is important to place on the public record that the fairer analysis that is made across the government sector throughout Australia shows a truer picture of where the government sector is than do the headings this government has used in the budget documents.

I turn to budget paper 3 and to the first table in that document, table 1.1, 'Operating expenses by department', which outlines departmental resources. I draw the attention of the house to the peculiar and not fully explained item entitled 'Contingencies not allocated to departments'. This is an enormous fund, growing from \$298.8 million for the 2001–02 financial year through to, on the estimates for 2004–05, \$1.704 billion. That is an enormous sum to have allocated to such a category. In my view that is best seen as a slush fund, a contingency to give the government maximum flexibility in out years to announce new programs as it sees fit, particularly as we move towards an election —

Hon. W. I. Smith — Gavin agrees with you.

Hon. D. McL. DAVIS — Yes, I know he agrees, and I record the nodding response from the Honourable Gavin Jennings.

Hon. W. I. Smith — A nod and a wink; an affirmation.

Hon. D. McL. DAVIS — On a serious point, I think this ought to be drawn to the public's attention. It is important that the house understand the enormity of this fund, which is larger in size than those of many of the departments. For example, the Department of Premier and Cabinet spends just under \$500 million at the current point, and it is planned to still spend just under \$500 million into the out year period of 2004–05. Again, it is a long way out and there are many projections and no guarantee about the stability of the projections — I will come to the matter of risk within the budget sector in a moment — but I make the point that in my view locating such a large contingency fund in that way is an unsatisfactory approach to significant community resources.

In a similar manner I return to budget paper 2 and wish to pick up some comments made by the Honourable Roger Hallam earlier today about the supply bill and the second-reading speech, and also a matter he canvassed at some length, as did the Honourable Theo Theophanous, at a Public Accounts and Estimates Committee hearing.

The budget document makes the very clear statement that net public sector debt, net state government debt — constantly the phrase appears ‘excluding Growing Victoria’ — would decline by 2005 to \$3.5 billion, from either \$4.9 billion or \$5.2 billion, depending on which part of the budget documents you read, down to \$3.5 billion. The budget speech itself refers to \$2.5 billion.

In my view, and also in the view of the Honourable Roger Hallam, the Treasurer did not adequately provide an explanation for the divergence in the budget figures between the \$2.5 billion mentioned in the budget speech and the \$3.5 billion presented in both table 8.4 and chart 8.7 on pages 152 and 153 of budget paper 2, which I think is an important point. With these budget figures there is much confusion about state government net debt described as ‘excluding Growing Victoria’.

It is also important to make a point about unfunded superannuation liabilities and the lack of a government plan on this issue. I am prepared to commend the government on its steps with the beneficiary choice program, which was useful in successfully managing net public sector debt through the unfunded superannuation liabilities.

However, according to the government’s own estimates its approach to fully funding superannuation liabilities is far out into the future. The date in the budget papers is 2035, and I am concerned that with a date so far out into the future and with so little planning in this area the government has not fully or adequately come to grips with this remaining and important area of public sector liability. It is within the government’s scope to develop a more adequate plan to deal with superannuation liabilities and the size of those liabilities, because the public sector in Victoria, compared with other states, is still not in a favourable position. It is true that it is far better than it was during the period referred to by other speakers, including the Honourable Gordon Rich-Phillips, when he spoke today about the \$32 billion debt in 1992. By any comparison, this is a far healthier situation. It is far healthier than those of Tasmania and South Australia.

Hon. W. I. Smith — And so it should be.

Hon. D. McL. DAVIS — As the Honourable Wendy Smith says by way of interjection, so it should be. It is not a healthy situation compared with the position of some of its more successful competitors and in particular with the Queensland economy, which has a net surplus in its public sector net debt.

It is important to note that the government is responsible for thinking about the future. The Growing Victoria fund is a fund of smoke, mirrors and tricks. The Premier is determined to describe this fund as allocated, yet when the Secretary to the Department of Treasury and Finance, Ian Little, appeared before the Public Accounts and Estimates Committee, he was far less clear and when pushed admitted that less than the majority of that fund would be allocated at the end of the 2001–02 financial year.

In that context it is important to consider the position of that fund vis-a-vis the government’s general financial position and the view of the ratings agency. I know the government has worked hard to convince rating agencies that they are allocated funds that are not available for the government to reallocate or to use, but the fund ought to be considered as one that is fluid until the signing and allocation of contracts that are intended to be funded by the Growing Victoria fund.

Hon. G. W. Jennings — You just add it to the surplus.

Hon. D. McL. DAVIS — You would indeed. I do not disagree with the point made by the Honourable Gavin Jennings. However, there is a fund off to the side that is hard to pin down and hard to see in a transparent way, a point on which the government has made a great deal of comment over the recent period.

Hon. G. W. Jennings — It is good news. Applying your accounting, the surplus is even bigger.

Hon. D. McL. DAVIS — Yes, it would be bigger if we could be sure about those figures, but we cannot. We have only the word of the secretary to the department, and we have a lot of confusion from the Treasurer, who does not appear to have a full grip on the matter. Mr Jennings makes a valuable contribution.

I return to the responsible financial management point. One other important point needs to be expressed. The need for budget transparency is clear, and I note the points — and I will not labour them — made by the Honourables Roger Hallam and Gordon Rich-Phillips that budget transparency has not been enhanced by these documents, but has been seriously compromised. The lack of financial details with output groups is a significant loss.

I also make the point that the Premier intervened heavily with the Public Accounts and Estimates Committee’s Labor Party members to scuttle the process of supplementary estimates, which had bipartisan agreement. I will refer briefly to the minority report of the estimates committee and to a letter from

the Premier in which he firmly expressed the view that officials should not be appearing before parliamentary committees other than in the most exceptional circumstances. He demanded that the Labor Party members on the bipartisan committee repudiate earlier bipartisan policy of a full supplementary process, which is a matter of great concern.

I refer to the second part of the government's so-called pillar, growing the whole state. I do not see a great deal of evidence of that. The phrase 'growing the whole state' should reflect broad growth across Victoria. If one examines the Victorian economy and the projected growth figures, one sees they are lower than the national figures. That is a significant problem and is a reversal of the trend in the latter years of the previous government. In the last financial year of the Kennett government the Victorian economy grew strongly at a rate of almost 7 per cent. Victoria led the national economy, indeed powered the national economy. Within a short period the Victorian economy has slowed down to a rate of growth that is far less than that of the national economy overall. That is a harbinger of a poor future. As I said, as a metaphor, the museum shows that we are not forward looking and we are not progressing as we should be with our current leadership.

I will comment on the third pillar — delivering improved services — about which the government speaks so heavily. I refer honourable members to the fact that in the key area of health, in my electorate and that of the Honourable Mark Birrell, the Leader of the Opposition in this place, we have seen marked deterioration. The performance of the Box Hill Hospital has declined seriously, particularly its ability to service the health needs of people in the eastern suburbs. Mr Ashman's constituents also use and rely on the hospital in their times of most dire need. It is worth noting that the number of patients admitted to the hospital declined by 2.8 per cent —

Hon. G. W. Jennings — That could be good news!

Hon. D. McL. DAVIS — It is not when you look at the reasons for it, which I am about to analyse. It would be fine if it were a reflection of greater health in the community, but it is not. In fact it is a reflection of an attempt to push patients to more distant locations for service. Patient admissions have declined by 2.8 per cent in the comparison of the March quarters for 2000 and 2001, which is the valid comparison — the year-on-year quarterly comparison. I indicate my concern that the government has chosen to change the presentation of the quarterly *Hospital Services Report*. I can only conclude that that is a reflection of the

deterioration in performance across the whole Victorian public hospital sector and of the need to hide the true position in the lead-up to the next federal election and the state election either at the end of next year or early in 2003.

Mr Jennings, by way of interjection, suggested that a decline in the number of patients admitted may well be a positive sign, but in this case it is not. The number of times ambulance bypass occurred increased by 254 per cent — from 11 times in the March quarter 2000 to 39 in the March quarter 2001. The number of emergency patients waiting more than 12 hours for a hospital bed increased from 130 in the March quarter 2000 to 316 occasions in the March quarter 2001 — a 143 per cent increase.

In terms of the people on the hospital waiting lists for elective surgery, the number of urgent cases increased by 41.7 per cent; the number of semi-urgent cases increased by 36.4 per cent; and the number of non-urgent cases increased by more than 10 per cent. These are real people. They are my constituents and those of Mr Ashman, and I do not believe the government is providing an adequate level of service through the Box Hill Hospital or other neighbouring hospitals. The deterioration in the performance of those hospitals is most serious, and it is a matter of great concern to me, to Mr Birrell and to other local members. Certainly a number of doctors to whom I have spoken agree. I had a doctor in my office yesterday talking exactly about this matter and making the point that performance at the hospital — a hospital with which he is associated — has declined significantly.

The number of people on the waiting lists longer than the ideal time has increased in the case of semi-urgent cases by 132 per cent, and this is not just our hospital. This is a reflection of waiting list growth and deterioration of performance across the state. It is a very good example of the government's failure to deliver on key services. It is not an improvement in service. It is a significant deterioration in service, to the great detriment of my electorate, and it is a serious matter.

The government's fourth so-called pillar is the concept of restoring democracy. I believe the government has also failed in this area. On any reasonable measure — and I have spoken about financial transparency and accountability — the Bracks government's performance has deteriorated. I have observed it, as has the Honourable Roger Hallam and others on the Public Accounts and Estimates Committee. We have watched the deterioration in performance in the government's

exposure and preparedness to provide information. There has been a tardiness on the part of many ministers, and the cancellation of a supplementary estimates process by the Premier on his specific instruction. I am concerned about that. I believe the Premier's office has tampered with the process, which has had an effect on the committee and particularly its Labor members. That has been done in a manner that is of extreme concern.

I note the comments of the Honourable Bill Baxter on section 85 statements — a subject I have debated in this house on previous occasions, including with you, Madam Acting President. I know you are not in a position to respond on this occasion, but I am sure you will on another occasion.

An Honourable Member — Now you're being provocative!

Hon. D. McL. DAVIS — No, I am not being provocative in saying that. I am being generous on that point. But the number of section 85 statements over this last sessional period has been significant. The government has not provided an adequate explanation for that. I have had communication with the Attorney-General — and his explanations, in my view, are quite unsatisfactory. The number of section 85 statements inserted into bills is extraordinary, given Labor's promises when it was in opposition that it would deal differently with section 85 statements and that the then opposition leader indicated at a Law Institute of Victoria function not long before the election that he would remove section 85 statements in up to 200 acts. Instead there were 22 more bills with section 85 statements at the end of the last parliamentary session. I will be interested to see the number that have gone through in this parliamentary session. The marine parks bill is an example of the government presenting a bill with a section 85 statement that has directly —

Hon. M. M. Gould interjected.

Hon. D. McL. DAVIS — I can refer to it, Ms Gould. The marine parks bill is an example where the government has chosen to include a section 85 statement. It has been prepared to remove the rights of Victorians to gain access to proper and satisfactory legal processes.

Hon. R. F. Smith — You were pretty good at it. Well over a hundred times you did it.

Hon. D. McL. DAVIS — You are into significant double figures at this point. Given the statements made in opposition, the government's propensity to use

section 85 statements is extraordinary; almost 20 per cent of the acts that had been passed by Parliament as at the end of the last sittings contained section 85 statements.

Hon. R. F. Smith — I did not hear you objecting to any of them.

Hon. D. McL. DAVIS — In fact I did so on many of the bills.

The ACTING PRESIDENT
(**Hon. Jenny Mikakos**) — Order! Through the Chair, Mr Davis.

Hon. D. McL. DAVIS — On a number of occasions members on this side have drawn this matter to the attention of the house. I am now drawing the attention of the house to it in the context of the government's promise to 'restore democracy'. I do not believe the government has restored democracy. Section 85 statements are a very clear and precise example of how it has not restored democracy. I do not believe the government has successfully grown the whole state adequately or to the level most Victorians would have expected. The state is certainly not growing at the same rate as the rest of the Australian economy.

The comments about financial management made earlier can only leave us in considerable doubt about the financial management skills of this government. The Treasurer's explanation of some aspects of that at the Public Accounts and Estimates Committee hearings left me quite concerned. In the matter of service delivery, another key plank of the government, Labor is failing on a number of fronts. The example of public health in my electorate is most concerning. If one examines matters in that light, one cannot conclude that the government is achieving any of its objectives. I believe it is selling Victorians short.

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

Debate adjourned until next day.

ADJOURNMENT

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

That the house do now adjourn.

Royal Botanic Gardens: flying foxes

Hon. ANDREA COOTE (Monash) — My question is for the Minister for Energy and Resources,

representing the Minister for Environment and Conservation in another place. I refer to a letter I received yesterday from the Minister for Environment and Conservation on the bat crisis in the Royal Botanic Gardens. We have seen no clear strategy from the Bracks government to deal with the increasing number of flying foxes in the Royal Botanic Gardens despite bat forums, debates, terrorists and relocation suggestions. The minister says in her letter that she is now establishing a task force. Why are we surprised? This is the hallmark of the Bracks way of governing: expensive consultation and more discussions, but no activity. The minister says:

The task force will identify the characteristics of ideal flying fox roost sites and will look to identifying potential sites that could be developed as an attractant to flying foxes from the gardens.

I ask the Minister for Environment and Conservation: who will be on this task force? What is its budget? When is it scheduled to report? And when will the recommendations be implemented?

Log Cabin Lodge, Creswick

Hon. D. G. HADDEN (Ballarat) — I raise with the Minister for Youth Affairs a matter concerning a youth camp in Creswick called Log Cabin Lodge. It is run by a non-profit, non-denominational organisation that has operated in Creswick for more than 30 years. The Log Cabin Lodge caters for the recreational needs of people of all ages, but especially those of children and young people.

The lodge runs regular youth camps and holiday programs, including weekend camps, conferences and meetings for many community and welfare organisations. As a consequence of the major increase in demand for the use of the facilities by disabled groups and welfare organisations, the current toilet amenities block is totally inadequate and is in urgent need of upgrade.

I therefore ask the minister if he can provide information and advice to assist the Log Cabin Lodge at Creswick with the urgent upgrade of the toilet amenities block.

Mulwala: munitions factory

Hon. W. R. BAXTER (North Eastern) — I raise for the attention of the Minister for Energy and Resources, as the representative of the Minister for State and Regional Development in the other place, an issue regarding the munitions factory in Mulwala, just across the River Murray from Yarrawonga in the province that

Mrs Powell and I have the pleasure to represent. The munitions factory was established during the Second World War and for many years has been a valuable defence supplier as well as an important employment generator both for direct employees and associated contractors in the southern Riverina and northern Victorian areas.

The plant is now somewhat aged and there is an environmental issue with leaching into the ground water table, which is being rectified by the commonwealth government, bearing in mind it is the owner of the factory, but there is some doubt as to the factory's future. It is an important local employment generator and is particularly important for the ongoing viability of the Australian Defence Industries factory recently established at Benalla with state government assistance, both from the Cain and Kirner governments in their early planning and more latterly from the former coalition government. The two operations are interdependent.

The local community is concerned about the future of the munitions factory and is conducting a campaign to make sure it is refurbished. It is being assisted in that aim by the National Party candidates for Farrer and Indi, Mr Bill Bott and Mr Don Chambers. On Friday there will be a march down the main street of Wodonga to present a petition to the local federal member, Mr Lieberman, encouraging the federal government to make the investment in the factory.

My request to the Minister for State and Regional Development is to make sure officers of the department are involved in the negotiations, bearing in mind the importance of the factory to employment, not just in Yarrawonga, but more particularly in Benalla. It would be a pity if the factory went out of production and we relied on importing propellants from overseas, which can be easily done in peacetime, but may be more difficult to do in the unfortunate event of the outbreak of war.

Buses: Waverley

Hon. ANDREW BRIDESON (Waverley) — I raise for the attention of the Minister for Energy and Resources, as the representative of the Minister for Transport in the other place, an issue concerning smart buses. The idea was proposed by the former coalition government and has been picked up by the Bracks Labor government. I am advised that so far about \$7 million has been spent without one additional bus having been provided.

Smart buses will mean the provision of extra services on route 703 of the Ventura bus line, running from Blackburn to Monash University, and route 888, a Grenda service, running along Springvale Road. The estimated annual cost of the Blackburn Road service is \$700 000, and the Springvale Road service, \$1.6 million. Transponders have already been fitted to 20 Ventura buses and 16 Grenda buses at a total cost of \$72 000. Signs are evident at the Glen Waverley, Springvale, Clayton and other railway stations in the area.

About 12 months ago it was reported in the *Whitehorse Journal* and the *Monash Journal* that the Bracks Labor government had promised a 70 per cent increase across the two bus routes. This was apparently a hollow promise. No funding was allocated in the recent state budget for these additional services and the community expectations are high, particularly with Monash University students, for the services to be implemented very soon.

My constituents would like to receive from the minister advice on the progress of the smart bus scheme and its likely implementation date. They also want to know whether the budget and expenditure review committee of cabinet has blocked the project because of the blow-out in the cost of repairs to the W-class trams of \$4.2 million.

Planning: mobility impaired building access

Hon. G. D. ROMANES (Melbourne) — I raise for the attention of the Minister for Sport and Recreation, as the representative of the Minister for Planning in the other place, an issue raised by a constituent, Bernd Bartl, on behalf of the Disability Housing and Support Alliance. The issue Mr Bartl and the alliance wish to draw to the attention of the minister is that not enough is being done to make all buildings visitable for the mobility impaired. Often those who are mobility impaired, which may include older people, people in wheelchairs, people with prams and those suffering from arthritis, face considerable embarrassment and sometimes exclusion from visiting people in their homes or at certain venues.

I ask the minister what action he can take to lead the way in eliminating the design and building barriers in planning and building areas.

Willow Grove Primary School

Hon. P. R. HALL (Gippsland) — I raise for the attention of the Minister for Sport and Recreation, as the representative of the Minister for Education in the

other place, the need of Willow Grove Primary School for a decent storeroom, which may not be a major request in the scheme of things.

Recently I received a letter from the secretary of the parent association of Willow Grove Primary School, Mrs Maria Colahan, who states:

Our school is in urgent need of a decent storeroom. We have to store sports equipment, musical equipment and science equipment in our tiny library because we do not have enough storeroom. Therefore, teaching library skills and allowing children time to read in the library is impossible. The freezer is stored in the sports room and the small storeroom is full to bursting. This is probably an occupational health and safety issue!

The ramp access to the main school building is blocked by items that have no other storage space and are kept in front of the doors.

...

The office is so overcrowded you can't swing a cat in it. Staff, visitors and volunteers are falling over each other trying to use the phone, fax or photocopier, or keep an appointment with the principal or bursar. It is an appalling situation which allows little room for privacy.

The minister will note this urgent situation needs to be addressed and my request to the minister is to ask officers of his department to contact the school, to actually go out and assess the needs of the school and put in place a program to address those needs. I intend visiting the school in the next fortnight once Parliament finishes sitting and I hope by the time I do so the minister will have made contact and some progress will have been made towards addressing this appalling situation.

Police: crime statistics

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — I raise for the attention of the Minister for Sport and Recreation, as the representative of the Minister for Police and Emergency Services in the other place, the reporting of crime to the Victoria Police. I note the Drugs and Crime Prevention Committee, chaired by Mr Boardman, recently released its second report on its inquiry into benchmarking crime trends data. The report made the point that there are a number of limitations on the collection of crime statistics. It indicated that often crimes that come to the attention of victims and members of the public are not reported to the police.

I recount the situation I had when my parliamentary vehicle, parked in a suburb in my electorate, on two separate occasions was subject to minor vandalism. A badge was taken from the front of the vehicle and a week later a badge was taken from the back. It is

disturbing that someone in my electorate has a collection of Holden badges.

To ensure the matter was formally reported I had my office telephone Victoria Police. We were told that a report could not be made either over the telephone, by email or by letter, and that I would be required to attend a police station to make a report, which would obviously take up the time of a police officer in recording the crime report.

It occurred to me that much crime is going unreported simply because of the hassles involved in having to attend a police station to report such a minor incident. Will the Minister for Police and Emergency Services, in consultation with the Chief Commissioner of Police, investigate alternative ways in which minor property crime can be reported to the police so that members of the community do not have to waste time in attending police stations and the time of police officers is not taken up with what are basically administrative tasks?

CFA: Gnarwarre brigade

Hon. E. C. CARBINES (Geelong) — I raise a matter with the Minister for Sport and Recreation in his capacity as the representative of the Minister for Police and Emergency Services in the other place. Recently I met with representatives of the Gnarwarre fire brigade, Mr Rowan Peel and Mr Geoff Tucker, to discuss the need for funding to replace one of their existing tankers. Currently Gnarwarre fire brigade has two tankers, but one is more than 25 years old and does not meet required standards.

The Gnarwarre brigade serves an area of approximately 10 000 hectares containing 100 homes in predominantly farming land. Often its members are called to assist neighbouring brigades, leaving only one tanker to serve the Gnarwarre community. Extensive fundraising efforts by volunteers have seen \$24 000 donated by the local community towards the purchase of a new tanker. However, in order for it to meet its obligations before next summer, the Gnarwarre fire brigade is seeking financial assistance from the Bracks government for the remaining amount.

In recognition of the great service afforded to our community by the volunteers of the Gnarwarre fire brigade, I would appreciate the minister's due consideration of this worthy funding request.

Chances for Children program

Hon. B. W. BISHOP (North Western) — I raise my adjournment matter with the Minister for Energy and Resources, who is the representative of the Treasurer in

the other place. It is about Chances for Children, a new trust fund project in the Sunraysia area to provide opportunities for children at all levels in the education and training system. As the house would be well aware, through no fault of their own many children do not have the opportunity or resources to further their education. This program is driven by the local water authorities and Mallee Family Care. It has strong local support, and a number of philanthropic trusts have also indicated support for the project.

At the official launch last Saturday evening, attended by over 220 people — including my colleague the Honourable Andrea Coote, whose family is part of a horticultural company that is developing projects at Balranald in New South Wales and at Boundary Bend and which, among many others, is also supporting Chances for Children — the federal member for Mallee, John Forrest, announced that the federal government would contribute \$50 000 now and will consider more in the future.

However, it has come to our notice that the state government has not as yet contributed to this worthy cause. On that night it was suggested that the government might try to send a contribution up on the passenger train, which as we all know is some years away. Will the Treasurer, who after last week's performance in Parliament, particularly on the Barley Marketing (Amendment) Bill, appears to make most government decisions, guarantee a speedy and substantial contribution to this community-driven and extremely worthy project that will give disadvantaged children the chance to further their education?

Public transport: travel pass

Hon. G. B. ASHMAN (Koonung) — I direct to the Minister for Energy and Resources, representing the Minister for Transport in the other place, a matter I raise on behalf of a constituent, Mr Robert Kerr, who has been seeking from the government a retired travel pass. Mr Kerr wrote to the Premier on 27 April outlining his request. He worked for the former State Electricity Commission of Victoria (SECV) for a period of 26 years 10 months and then for the Public Transport Corporation (PTC) for a further 7½ years, a total of 34½ years of service to this state.

On 28 May the Premier responded, through the Director of Resources and Infrastructure, saying that he regretted that he was unable to assist Mr Kerr. There is a minor dispute over the period of Mr Kerr's service of 26 years 10 months with the SECV and 7½ years with the PTC and V/Line. He has advised me that he was interviewed by the PTC two weeks after leaving the

SECV and commenced with the Public Transport Corporation some weeks after leaving the SECV. There was a delay in his commencement with the PTC that was brought about by medical examinations and the PTC processing his employment.

Communications from the PTC indicate that it is PTC policy that prior service requires the employee to have joined the corporation not more than 28 days after leaving the service of another state or commonwealth body. In Mr Kerr's case it would appear the period may have been about 35 days. It seems odd to me that we, as members of Parliament, receive a gold pass after relatively short service in this place but this man, who has been a loyal public servant for 34½ years and about whom one week of service is in dispute cannot obtain a pass. The cost of the pass is minimal. Will the minister intervene in this matter and ensure that a pass is issued for this man, who has been a loyal servant to this state?

TAC: board

Hon. P. A. KATSAMBANIS (Monash) — The matter I direct to the attention of the Minister for Industrial Relations, as the representative of the Minister for Workcover in the other place, specifically relates to the current crisis in the board of directors of the Transport Accident Commission. Honourable members will know that recently the chairwoman of the TAC, Ms Margaret Jackson, and one of the directors, Ms Patricia Cross, resigned from the board. Today, via the pages of the *Australian Financial Review*, it was suggested that Professor Stephen Cordner is also likely to advise the government that he does not intend to continue on the board. Professor Cordner is a highly respected individual in Victoria and is director of the Victorian Institute of Forensic Medicine.

What is extraordinary in the developments today, as per the *Australian Financial Review* article, is that an unnamed government spokesperson was quoted as saying:

... Professor Cordner's term had been due to expire and there had been no plans to reappoint him to the TAC board.

The unnamed spokesperson is quoted as having said that the government intended to sack Professor Cordner from the TAC board because an intention to not reappoint is analogous to sacking.

Given the extraordinary conflict, I ask the minister: firstly, whether the intention as outlined by the government spokesperson to not reappoint Professor Cordner in any event to the TAC board is correct and that it is government policy; secondly, if that is so, whether Professor Cordner had been advised of that

intention of the government prior to the unnamed government spokesperson making the comments to the *Australian Financial Review*; and thirdly, whether it is government policy to announce sackings from government boards via the pages of newspapers without first advising the individuals involved.

Youth: employment line and web site

Hon. A. P. OLEXANDER (Silvan) — I seek the assistance of the Minister for Youth Affairs. The issue I raise is the ongoing saga of the youth employment telephone hotline and the youth employment web site. I refer the minister to his 1999 pledge, when he promised the establishment of the web site and a telephone hotline to provide a one-stop shop information for young people on job entitlements, rates of pay, workplace rights, contracts, unfair dismissals and casual work, among other issues. I refer also to his ministerial statement of April 2000, when he again reiterated the government's intention to establish such a web site and hotline. The 15 May budget recommitted the government to the same pledge.

On 24 May, in response to a question without notice by the Leader of the National Party and a matter raised in the adjournment debate that day by the Deputy Leader of the National Party, the minister said in unequivocal terms that both the hotline and the web site were still under construction and he would inform the chamber of their progress and launch dates. I took a look through the minister's press releases and found one dated 12 March — some two and a half months before the minister made those statements in response to the question and the matter raised by the Leader of the National Party and the Deputy Leader of the National Party respectively. He, along with the Minister for Industrial Relations, was announcing how the government would help young workers.

That press release of the Minister for Industrial Relations states:

The Youth Rights at Work campaign will encourage young people to know their rights at work and will also encourage employers to be aware of their responsibilities.

... a special telephone hotline had been set up to handle queries from young people through Job Watch.

The PRESIDENT — Order! The honourable member will get to his question.

Hon. A. P. OLEXANDER — The telephone number given was 1300 666 610. The Minister for Youth Affairs said a new web site had been established on www.youth.vic.gov.au/youthatwork to provide information for youth. I ask the minister if he will

finally put this matter to rest. Young people are curious to learn whether the minister's youth pledge was fulfilled on 12 March or was still not fulfilled by 24 May. If it was not fulfilled by 12 March —

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

Melbourne Airport: security officers

Hon. M. A. BIRRELL (East Yarra) — I raise for the attention of the Minister for Industrial Relations a regrettable industrial dispute that is currently occurring at Melbourne Airport and is affecting domestic Qantas passengers and all international passengers. As a result of actions taken by Mr Terry Breheny, the assistant secretary of the Liquor, Hospitality and Miscellaneous Workers Union, a large number of tourists, business travellers and others were inconvenienced today and yesterday.

The action is harming Melbourne's reputation and the reputation of the airport, not just through the action of the union withdrawing staff, as occurred this morning, but through the apprehension created by the union threatening to withdraw staff, because no-one who is thinking of using the airport knows whether they will take off on their scheduled flight. The union promised to give notice of 1 hour of any strike action, but today it took strike action without any public notice — and boasted about it. I regard that action as unnecessary and inflammatory, particularly as it is based on the extraordinary concept that the union is asking for a 35 per cent pay rise.

Given that the government is trying to restrict itself to pay rises of around 3 or 4 per cent, it can be seen that the union's argument is extreme and unaffordable — a 35 per cent pay rise. The union is clearly behaving in an irresponsible manner. I seek advice from the minister as to whether she is working as an honest broker on this issue, and if so, why the union is able to prevail in harming our image interstate and overseas and downgrading the status of one of our most important assets, Melbourne Airport.

Country Victoria Tourism Council

Hon. W. I. SMITH (Silvan) — The matter I raise through the Minister for Sport and Recreation is for the attention of the Minister for Major Projects and Tourism in another place and concerns the Country Victoria Tourism Council. I have had a letter from Glen Heyne, who runs a tourism group in the country, in which he raises some serious shortcomings of the

tourism council. In his letter about the Victorian tourism magazine, *Jigsaw*, he states:

There is much unrest amongst local tourist operators over the non-appearance of this year's Macedon Ranges and Spa Country *Jigsaw* book, especially since it was officially launched by the minister of tourism during this year's country cabinet in Daylesford. It wasn't really a launch, the book wasn't actually printed. What Pandazopoulos actually held up to the media was a hastily produced colour xerox of the artwork. The book still hasn't been delivered! What angers everyone is that we booked space and paid at least 50 per cent up front in July 2000 with the understanding that it would be published in January just like all previous editions. Final payments were completed at the beginning of the year.

Mr Heyne goes on to say the group still does not have a copy of the magazine. To add insult to injury, last week his local information centre received a consignment of some eight cartons of the old 2000 edition. Having already paid for them, they ask, 'How many of these are stored away for us to get rid of?'. Mr Heyne goes on to say:

Most regional tourism operators are small fry single-person businesses who can ill afford to participate in the first place, let alone have their valuable advertising dollars earning interest in someone else's bank account.

He says they have tracked every single response and booking to its source and the *Jigsaw* campaign barely registers. They handle 5000 bookings each year. The second matter he raises relates to the local committee structure.

The PRESIDENT — Order! I think the one matter is the production of the brochure, and perhaps leave it at that.

Hon. W. I. SMITH — My request is that the minister find out where the finalised published book is and that he please get it to the tourism operators.

Electricity: national market

Hon. PHILIP DAVIS (Gippsland) — I raise for the attention of the Minister for Energy and Resources an issue that relates to a question asked earlier today on the national electricity market ministerial meeting next week. Will the minister guarantee no proposal put forward or supported by the Victorian government will see any increase in prices?

School Focused Youth Service

Hon. J. W. G. ROSS (Higinbotham) — I direct my question to the Minister for Youth Affairs, although I think there is some confusion as to exactly which minister is dealing with this issue. It relates to the absence of an allocation for youth services in the

Department of Human Services budget and in particular the future of the School Focused Youth Service.

The 1999–2000 annual report of the Department of Human Services indicates that the evaluation of the School Focused Youth Service continued throughout the year. I believe that evaluation was comprehensive and designed to assist the development of the integrated service responses for young people at risk of suicide, drug abuse and other social problems. I understand the evaluation is complete and is available within the department but is being withheld by the government. I would like to know the government's intentions in respect of funding the School Focused Youth Service and when it will release the evaluation report it has completed.

Tertiary education and training: ethnic communities

Hon. S. M. NGUYEN (Melbourne West) — I raise a matter for the Minister for Sport and Recreation, representing the Minister for Post Compulsory Education and Training in another place. There are high unemployment rates in my electorate. Many of my constituents are from communities with non-English-speaking backgrounds and they are unable to find jobs because they lack skills in the new technologies. They would like to upgrade their skills. Will the minister advise what her department is doing to assist my constituents with adult education and training?

Fishing: rock lobsters

Hon. K. M. SMITH (South Eastern) — I would like to put a question to the Minister for Energy and Resources regarding the rock lobster quota management proposal that is to come into being in November this year. I am concerned because on the figures that have been provided, I understand by the government, to the rock lobster people it seems that the total amount of money that is to be provided for the transitional adjustment is \$3.9 million.

But in that \$3.9 million there are two amounts that concern me. One is the administrative charge of the Rural Finance Corporation, which I understand is running the show, of \$860 000. The other is the cost of the administration of the rock lobster quota management service system, whatever that is, which will take another \$800 000. My quick calculation shows that \$1.66 million in administrative charges is being allocated out of \$3.9 million. There is not much left for the rock lobster fishermen.

Does the minister see this as being fair and reasonable, and is it possible for her to explain to the house tonight — I am sure she has it in her mind — how the allocation of the money is supposed to work, because subsidies such as the interest differential subsidy and others are supposed to be going to the rock lobster fishermen. When you get down to it, in the very end there is very little of the \$3.9 million that is going to the rock lobster fishermen over a period of four years. The government will put a lot of rock lobster fishermen out of business, and not only because of this issue. If the marine parks bill gets up the government will put the rest of them out of business.

Berwick Primary School

Hon. N. B. LUCAS (Eumemmerring) — I raise a matter for the attention of the Minister for Sport and Recreation as the representative in this place of the Minister for Education. The issue concerns the relocation of the Berwick Primary School. I still do not have an answer. On 12 June a representative of the Department of Education, Employment and Training visited the primary school on behalf of the Minister for Education and explained to the school council the three options for the school's relocation. The first is to move to a site called Fairholme; another option is to move to a site on High Street, Berwick; and the third, which is absolutely outrageous, is to redevelop the school on its present site, which is too small, as I have stated to the house before.

Yesterday evening I attended a meeting at the Berwick Primary School, with some 60 interested parents. I have raised this matter before, and the Honourable Gordon Rich-Phillips supports it, as does the honourable member for Berwick, Dr Robert Dean, in the other place. Dr Dean invited the Minister for Education to Berwick and she said she could not come but she would send a video. That is what she said in answer to the invitation — she would send a video of herself!

Yesterday evening the parents decided unanimously that, firstly, they would support the choice of the upper Fairholme site comprising 3.5 hectares on the east side of Canning Way, immediately south of the gas easement. They asked the minister to purchase that property immediately and to make a realistic offer to the owner, who I believe deserves a fair price. They want the building to commence as soon as possible. They require improvements to be made to and maintenance to be carried out at the existing school prior to the relocation, and they invite the minister to visit the school and the preferred site.

I therefore ask the Minister for Education to give her attention to, firstly, the urgent need to purchase the site recommended by the school community; secondly, to facilitate the early planning and construction of this new school; and thirdly, to ensure provision of adequate facilities at the existing school until the opening of the new school. This issue has gone on for too long. The parents of Berwick Primary School need a decision from the minister.

Police: recruits

Hon. B. C. BOARDMAN (Chelsea) — I raise a matter with the Minister for Sport and Recreation as the representative of the Minister for Police and Emergency Services in the other place. On the Channel 10 news this evening there was a story by a journalist, Darren Lunny, who should be commended for highlighting a serious issue. The news item asserted that Victoria Police had implemented a policy to lower the physical standards required to be met by recruits. One was a reduction of the wall climb from 1.82 metres to 1.6 metres.

Honourable members interjecting.

Hon. B. C. BOARDMAN — I am extremely gratified by those ignorant comments and laughter from the government! This is a serious issue.

Hon. R. F. Smith interjected.

Hon. B. C. BOARDMAN — I was about to say that one of the standards to be reduced is the removal of the 72 kilogram dummy drag. However, I think Mr Smith weighs a bit more than 72 kilograms! The time required to complete the obstacle course, which is a 400-metre run around the track, has been increased from 6 minutes to 6.5 minutes. It is not acceptable that although the course is less challenging the time lines to complete it have been extended. Equally alarming is the confirmation from Superintendent Paul Evans from the training department that this policy was justified because community expectations had changed.

A search through the library in an attempt to find a press release from either Victoria Police or the minister proved fruitless. There is no such press release, so unfortunately this is the only information I have. I submit in the strongest possible terms that lowering the standards that police recruits must meet in order to graduate is not in the community's best interests. Therefore I ask that the minister honour the guarantee he made on 3 October last year that police recruiting standards would not be lowered during this term of government.

Youth: Oakleigh centre

Hon. M. T. LUCKINS (Waverley) — I refer the Minister for Youth Affairs to my question last week in the house regarding the youth problems in Oakleigh and the escalating violence in the south-eastern suburbs. On 30 August last year I referred to the minister a steering committee auspiced by Monash City Council that includes representatives from the Victoria Police multicultural unit; BEST; the Oakleigh Youth Service; JPET, job placement employment training; the Centre for Multicultural Youth Issues; SEAAC, the South Ethnic Advisory and Advocacy Council; Australian Greek Welfare; Centrelink; the chamber of commerce, and me.

In answer to my query last year about what he was doing to provide recreational opportunities for youth in the Oakleigh area, the minister said that on 31 August he was to address chief executive officers of local government authorities on a range of issues and would pursue recreational opportunities for young people. He talked about the co-location of youth services and a potential relationship between the state and local governments.

I ask the minister whether he has met with the City of Monash or any council representatives about youth in the Oakleigh area, and whether he has met with any of the groups I have mentioned who are part of the Oakleigh youth issues committee. Minister, giving out certificates is not quite good enough!

Responses

Hon. M. M. GOULD (Minister for Industrial Relations) — The Honourable Peter Katsambanis raised a matter for the Minister for Workcover regarding the appointment of the new Transport Accident Commission chairperson, and I will ask the minister to respond to that.

Hon. P. A. Katsambanis — On a point of order, Mr President, the issue I raised had nothing whatsoever to do with the appointment of the new chairman of the Transport Accident Commission. It was simply to do with existing and recently departed board members of the TAC. I hope the minister will read the *Hansard* record before forwarding on my query to the responsible minister in the other place.

Hon. M. M. GOULD — The honourable member raised a matter for the Minister for Workcover; I will refer it to the minister and ask him to respond in the usual manner.

The Honourable Mark Birrell raised the industrial action occurring at Melbourne Airport. It is always disappointing when industrial action results from unsuccessful negotiations, particularly when members of the public are affected by such action. Over two dozen meetings have been held between the unions and the company, and they have been unsuccessful to date. The matter has been before the Australian Industrial Relations Commission on a number of occasions, and as recently as yesterday afternoon. One can appreciate the difficulties that arise when trying to resolve an enterprise agreement in a conflict-based situation under the Workplace Relations Act. The government is concerned when the public is affected by such disputes, and it has been monitoring the situation. As I said, over two dozen meetings have been held between the unions and the company concerned in an attempt to resolve the enterprise agreement.

Hon. C. C. BROAD (Minister for Energy and Resources) — The Honourable Andrea Coote raised for the consideration of the Minister for Environment and Conservation in the other place a task force to inquire into the bat problem in the Royal Botanic Gardens. I will refer that matter to the minister.

The Honourable Bill Baxter raised for the consideration of the Minister for State and Regional Development in the other place the requested involvement of Department of State and Regional Development officers in negotiations about the future of the munitions factory in Mulwala. I will refer that matter to the minister.

The Honourable Andrew Brideson raised for the consideration of the Minister for Transport in the other place the progress of the smart bus scheme and related issues. I will refer that matter to the minister.

The Honourable Barry Bishop raised a matter for the attention of the Treasurer regarding a requested contribution to education opportunities for disadvantaged children. I will refer that matter to the Treasurer.

The Honourable Gerald Ashman raised a matter for the Minister for Transport regarding recognition of a Mr Kerr by the public service in the form of a pass, and I will refer that matter to the minister.

The Honourable Philip Davis raised the matter of the national electricity market forum being convened in Melbourne next week. The government is fairly and squarely putting on the agenda that an objective of the forum should be to ensure that the benefits of a more productive market are delivered to consumers in the

form of affordable prices. In securing agreement from the participating jurisdictions to this forum it has been made very clear that this is a policy-making forum. It is not the intention of the forum to involve itself in the day-to-day operations of the market, as that would not be appropriate or workable. Therefore the forum will not be seeking to set prices in the national electricity market.

The Honourable Ken Smith raised the matter of rock lobster fishing. It is the government's objective to secure a sustainable future for this fishery and its expectation as a result of introducing quota management is that it will secure that objective, the future of the industry and the fishers who work in it. I have previously provided information to the Honourable Peter Hall, who wanted a breakdown of the funding that the government is providing for adjustment in the rock lobster fishery, and I am more than happy to provide the same information to Mr Smith.

In summary, the administration of the buyback scheme will run over a period of up to 10 years, and the cost of administering that scheme by the Rural Finance Corporation needs to be considered in light of the fact that those costs are for administration over a period of up to 10 years. In relation to the costs associated with administration of the quota management scheme itself, it has been squarely put on the agenda by rock lobster fishers that they are looking to the government to bear the costs of the administration of the quota management system and for that reason that cost is included.

Hon. K. M. Smith — On a point of order, Mr President, the figures I referred to this evening were over a period of four years, not over 10 years. I am talking about \$1.6 million out of \$3.9 million over four years. Although I do not think the minister is trying to mislead the house, I clearly quoted figures for four years and the minister is talking about 10 years. Does that mean the figures will blow out over a 10-year period?

The PRESIDENT — Order! It appeared to be just a repeat of the question. The way the minister answers is a matter for her. The minister may complete her response.

Hon. C. C. BROAD — I have done so.

Hon. J. M. MADDEN (Minister for Sport and Recreation) — In relation to the question from the Honourable Dianne Hadden about the Log Cabin Lodge at Creswick, I am happy to provide those associated with the camp with funding guideline

information that will allow them to consider potential funding programs that could in some way be suitable.

The Honourable Glenyys Romanes raised on behalf of the Disability Housing and Support Alliance an issue specifically related to the mobility impaired and the design-of-building guidelines. I will refer that matter to the Minister for Planning in other place.

I will refer the matter raised by the Honourable Peter Hall concerning the Willow Grove Primary School storeroom to the Minister for Education in the other place.

The question asked by the Honourable Gordon Rich-Phillips regarding the reporting of crimes to Victoria Police and the format of reporting will be referred to the Minister for Police and Emergency Services in the other place.

The Honourable Elaine Carbines raised the issue of the replacement of the Gnarwarre fire brigade's tanker. I will refer that matter to the Minister for Police and Emergency Services in the other place.

The Honourable Andrew Olexander asked a question regarding the youth employment line and web site. To clarify matters for the honourable member, although a service and a youth web site are provided by Industrial Relations Victoria I am advised that the specific youth employment line and web site about which he was inquiring are being established through a tender process and are about to be completed. That web site is a responsibility of the Minister for Post Compulsory Education, Training and Employment in the other place.

The Honourable Wendy Smith raised the matter of the Country Victoria Tourism Council. I will refer that matter to the Minister for Major Projects and Tourism in the other place.

I will refer the question raised by the Honourable John Ross regarding the School Focused Youth Service report to the Minister for Community Services in the other place.

I will refer the question asked by the Honourable Sang Nguyen about the high unemployment rate of non-English-speaking-background communities to the Minister for Post Compulsory Education, Training and Employment in the other place.

The Honourable Neil Lucas raised a question about the Berwick Primary School. I will refer that matter to the Minister for Education in the other place.

The Honourable Cameron Boardman raised a question about the standard of police training. I will refer that matter to the Minister for Police and Emergency Services in the other place.

The Honourable Maree Luckins raised a question about youth issues in Oakleigh. To clarify things for the honourable member, the Centre for Multicultural Youth Issues to which she referred and which is involved in the local coordinated response committee is funded through the Office for Youth.

Hon. M. T. Luckins — On a point of order, Mr President, I am hesitant to do this because I am always last, but my question was specific. Has the minister met with the council or any of the organisations that I named? I did not ask him who funded it. I ask the minister to address my question.

The PRESIDENT — Order! If the minister wants to respond to that it is up to him, but the minister's answer does resolve the matter. The adjournment debate is not question time; there are different rules, and the house should be aware of that.

Motion agreed to.

House adjourned 11.10 p.m.

