PARLIAMENT OF VICTORIA

PARLIAMENTARY DEBATES (HANSARD)

LEGISLATIVE COUNCIL

FIFTY-FOURTH PARLIAMENT

FIRST SESSION

7 December 1999

(extract from Book 5)

Internet: www.parliament.vic.gov.au

By authority of the Victorian Government Printer

The Governor

His Excellency the Honourable Sir JAMES AUGUSTINE GOBBO, AC

The Lieutenant-Governor

Professor ADRIENNE E. CLARKE, AO

The Ministry

Premier, Treasurer and Minister for Multicultural Affairs	The Hon. S. P. Bracks, MP
Deputy Premier, Minister for Health and Minister for Planning	The Hon. J. W. Thwaites, MP
Minister for Industrial Relations and Minister assisting the Minister for Workcover	The Hon. M. M. Gould, MLC
Minister for Transport	The Hon. P. Batchelor, MP
Minister for Energy and Resources, Minister for Ports and Minister assisting the Minister for State and Regional Development	The Hon. C. C. Broad, MLC
Minister for State and Regional Development, Minister for Finance and Assistant Treasurer	The Hon. J. M. Brumby, MP
Minister for Local Government, Minister for Workcover and Minister assisting the Minister for Transport regarding Roads	The Hon. R. G. Cameron, MP
Minister for Community Services	The Hon. C. M. Campbell, MP
Minister for Education and Minister for the Arts	The Hon. M. E. Delahunty, MP
Minister for Environment and Conservation and Minister for Women's Affairs	The Hon. S. M. Garbutt, MP
Minister for Police and Emergency Services and Minister for Corrections	The Hon. A. Haermeyer, MP
Minister for Agriculture and Minister for Aboriginal Affairs	The Hon. K. G. Hamilton, MP
Attorney-General, Minister for Manufacturing Industry and Minister for Racing	The Hon. R. J. Hulls, MP
Minister for Post Compulsory Education, Training and Employment	The Hon. L. J. Kosky, MP
Minister for Sport and Recreation, Minister for Youth Affairs and Minister assisting the Minister for Planning	The Hon. J. M. Madden, MLC
Minister for Gaming, Minister for Major Projects and Tourism and Minister assisting the Premier on Multicultural Affairs	The Hon. J. Pandazopoulos, MP
Minister for Housing, Minister for Aged Care and Minister assisting the Minister for Health	The Hon. B. J. Pike, MP
Minister for Small Business and Minister for Consumer Affairs	The Hon. M. R. Thomson, MLC
Parliamentary Secretary of the Cabinet	The Hon. G. W. Jennings

Heads of Parliamentary Departments

Assembly — Clerk of the Parliaments and Clerk of the Legislative Assembly: Mr R. W. Purdey

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

Hansard — Chief Reporter: Ms C. J. Williams

Library — Librarian: Mr B. J. Davidson

Parliamentary Services — Secretary: Ms C. M. Haydon

MEMBERS OF THE LEGISLATIVE COUNCIL

FIFTY-FOURTH PARLIAMENT — FIRST SESSION

President: The Hon. B. A. CHAMBERLAIN

Deputy President and Chairman of Committees: The Hon. B. W. BISHOP

Temporary Chairmen of Committees: The Honourables G. B. Ashman, R. A. Best, Kaye Darveniza, D. G. Hadden, P. R. Hall, Jenny Mikakos, R. F. Smith, E. G. Stoney and C. A. Strong

Leader of the Government:
The Hon. M. M. GOULD

Deputy Leader of the Government:
The Hon. G. W. JENNINGS

Leader of the Opposition:
The Hon. M. A. BIRRELL

Deputy Leader of the Opposition:
The Hon. BILL FORWOOD

Leader of the National Party:
The Hon. R. M. HALLAM

Deputy Leader of the National Party:
The Hon. P. R. HALL

Member	Province	Party	Member	Province	Party
Ashman, Hon. Gerald Barry	Koonung	LP	Hall, Hon. Peter Ronald	Gippsland	NP
Atkinson, Hon. Bruce Norman	Koonung	LP	Hallam, Hon. Roger Murray	Western	NP
Baxter, Hon. William Robert	North Eastern	NP	Jennings, Hon. Gavin Wayne	Melbourne	ALP
Best, Hon. Ronald Alexander	North Western	NP	Katsambanis, Hon. Peter Argyris	Monash	LP
Birrell, Hon. Mark Alexander	East Yarra	LP	Lucas, Hon. Neil Bedford, PSM	Eumemmerring	LP
Bishop, Hon. Barry Wilfred	North Western	NP	Luckins, Hon. Maree Therese	Waverley	LP
Boardman, Hon. Blair Cameron	Chelsea	LP	McQuilten, Hon. John Martin	Ballarat	ALP
Bowden, Hon. Ronald Henry	South Eastern	LP	Madden, Hon. Justin Mark	Doutta Galla	ALP
Brideson, Hon. Andrew Ronald	Waverley	LP	Mikakos, Hon. Jenny	Jika Jika	ALP
Broad, Hon. Candy Celeste	Melbourne North	ALP	Nguyen, Hon. Sang Minh	Melbourne West	ALP
Carbines, Hon. Elaine Cafferty	Geelong	ALP	Olexander, Hon. Andrew Phillip	Silvan	LP
Chamberlain, Hon. Bruce Anthony	Western	LP	Powell, Hon. Elizabeth Jeanette	North Eastern	NP
Coote, Hon. Andrea	Monash	LP	Rich-Phillips, Hon. Gordon Kenneth	Eumemmerring	LP
Cover, Hon. Ian James	Geelong	LP	Romanes, Hon. Glenyys Dorothy	Melbourne	ALP
Craige, Hon. Geoffrey Ronald	Central Highlands	LP	Ross, Hon. John William Gameliel	Higinbotham	LP
Darveniza, Hon. Kaye	Melbourne West	ALP	Smith, Hon. Kenneth Maurice	South Eastern	LP
Davis, Hon. David McLean	East Yarra	LP	Smith, Hon. Robert Fredrick	Chelsea	ALP
Davis, Hon. Philip Rivers	Gippsland	LP	Smith, Hon. Wendy Irene	Silvan	LP
Forwood, Hon. Bill	Templestowe	LP	Stoney, Hon. Eadley Graeme	Central Highlands	LP
Furletti, Hon. Carlo Angelo	Templestowe	LP	Strong, Hon. Christopher Arthur	Higinbotham	LP
Gould, Hon. Monica Mary	Doutta Galla	ALP	Theophanous, Hon. Theo Charles	Jika Jika	ALP
Hadden, Hon. Dianne Gladys	Ballarat	ALP	Thomson, Hon. Marsha Rose	Melbourne North	ALP

CONTENTS

TUESDAY, 7 DECEMBER 1999

Tuesday, 7 December 1999

The PRESIDENT (Hon. B. A. Chamberlain) took the chair at 2.02 p.m. and read the prayer.

ROYAL ASSENT

Message read advising royal assent to:

Essential Services (Year 2000) Act
Health Practitioners (Special Events Exemption) Act
Legal Practice (Amendment) Act

LOCAL GOVERNMENT (BEST VALUE PRINCIPLES) BILL

Introduction and first reading

Received from Assembly.

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

REGIONAL INFRASTRUCTURE DEVELOPMENT FUND BILL

Introduction and first reading

Received from Assembly.

Read first time on motion of Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development).

QUESTIONS WITHOUT NOTICE

Snowy River

Hon. PHILIP DAVIS (Gippsland) — Will the Minister for Energy and Resources confirm that she is now the minister responsible for negotiating an agreement with the commonwealth and New South Wales governments on the environmental flow from the Snowy River?

Hon. C. C. BROAD (Minister for Energy and Resources) — I welcome the opportunity to outline to the house the important job that the Premier has given me of conducting the negotiations. Members will be aware that the Bracks Labor government took a significant commitment to the election: to date, the matters covered by the commitment have been pursued by the Premier personally. I am greatly honoured that the Premier has invited me to take over the task of negotiating on behalf of the government. I look forward to delivering the commitment that the government took to the election to increase environmental flows in the Snowy River to 28 per cent, which is considerably more than the Kennett government took to the election and on which it was unable over more than 12 months to get even to the stage of negotiating guidelines by which the increased flow could occur.

The government's negotiating team has agreed on six areas. As to the seventh area — environmental flows — I am confident we will be able to achieve the commitment the government took to the election.

CoINVEST

Hon. JENNY MIKAKOS (Jika Jika) — Will the Minister for Industrial Relations advise the house of changes to the construction industry long service leave fund (CoINVEST) scheme?

Hon. M. M. GOULD (Minister for Industrial Relations) — CoINVEST is a scheme that provides long service leave to workers in the construction industry. A number of anomalies in the scheme that had been identified have been rectified. I am happy to inform the house that negotiations with the industry and unions, consistent with the Bracks government's commitment to encouraging consultation with the relevant parties, have led to changes to the scheme that will make clear the benefits to which employees are entitled. The anomalies identified related to provisions for shopfitters, metal trades workers within the construction industry and concrete testers.

I have had a meeting with the Master Builders Association of Victoria and the relevant unions. They assured me they are committed to amendments to the self-funded CoINVEST scheme, with no additional costs for government, employers or unions. The changes to the rules to cover the anomalies will take effect in the middle of December.

Electricity: tariffs

Hon. R. M. HALLAM (Western) — I refer the Minister for Energy and Resources to Labor's commitment to introduce a maximum uniform electricity tariff. What general impact does the minister anticipate that will have on electricity tariffs across the state, particularly when they become totally contestable?

Hon. C. C. BROAD (Minister for Energy and Resources) — As honourable members will be aware, the Office of the Regulator-General is currently undertaking a review. The government is awaiting the outcome of that process, which should deliver a price

reduction to consumers. The Bracks Labor government is particularly concerned to ensure that country and regional consumers benefit from the downward pressure in prices, and when it receives that report from the Regulator-General, if necessary it will act to ensure that that is the result.

The election commitment is clear. The government believes it is appropriate to wait for that report and the submissions being put forward by all interested parties, and then to decide the best possible way to implement the commitment to protect regional and country consumers, which is more than the Kennett government managed to do, as clearly demonstrated in the recent election results.

At the end of next year, when under the schedule the Bracks Labor government inherited from the Kennett government the tariff arrangements are lifted, the government is determined to ensure that country and regional consumers will not be disadvantaged.

GST: car sales

Hon. KAYE DARVENIZA (Melbourne West) — Will the Minister for Small Business outline the effect the goods and services tax (GST) will have on motor car sales?

Hon. K. M. Smith — On a point of order, Mr President, questions to ministers must be relevant to the state government and the minister's position in the government. A question about the GST and vehicles is outside the minister's responsibilities.

Hon. M. R. THOMSON (Minister for Small Business) — On the point of order, Mr President, the issue was raised with me at a recent Victorian Automobile Chamber of Commerce meeting.

Honourable members interjecting.

Hon. M. M. Gould — On the point of order, Mr President, the question asked of the minister related to the impact of the GST on small businesses, and that is within the minister's portfolio.

The PRESIDENT — Order! The house has tended to take a fairly broad look at the role of the Minister for Small Business. It has recently been suggested that the minister should be actively involved, for example, in the Retail Tenancies Act, which I do not think directly comes under her responsibility.

An opposition member interjected.

The PRESIDENT — Order! Perhaps I am incorrect in that, but certainly an issue was recently raised that did not directly come within the minister's portfolio.

An Opposition Member — You cannot hold their hands forever.

The PRESIDENT — Order! I am not holding her hand. The bottom line is that I do not uphold the point of order.

Hon. M. R. THOMSON — There are real concerns about a downturn in the motor vehicle industry. An Access Economics study predicts that car sales will slump to 72 000 in the first six months of next year compared with the same period this year. Car retailers are concerned for Australian car manufacturers and fear that the slump will damage sales figures to the point where people will be laid off and some retail car outlets may close.

The Ford Motor Company has already had lay-off days and intends to extend the holiday period over Christmas and advance holiday leave from 2000. The issue of having an interim step in the reduction of the wholesale tax of 22 per cent to a GST of 10 per cent has been raised with the federal government. Such an interim step would assist the local car manufacturers against the continuation of discounting by foreign importers that is currently being offered. So that when the GST is implemented consumers will benefit. There is concern that there will be no post-GST benefits to consumers and that car trade-in prices will also be lower. There is also concern that manufacturers will not be able to meet consumer demands.

The state government intends to take up the issue with the Prime Minister, who has recently stated that at this stage he is not considering providing that interim step for the reduction of the 22 per cent wholesale sales tax to 10 per cent. The government will ask the Prime Minister to look at the issue and take into consideration not only the manufacturers concerns but also those of the retailers of new Australian-made cars to ensure that they do not close their doors before the GST is introduced.

Jet skis: licensing

Hon. G. R. CRAIGE (Central Highlands) — In view of the government's decision to introduce licences for personal water craft and other recreational vessels, will the Minister for Ports advise the house how much revenue will be raised by the licences and whether the revenue will be hypothecated to boating management, which will include facilities, education and enforcement?

Hon. C. C. BROAD (Minister for Ports) — The matter has been raised with me by many interested parties who would like, as the shadow minister has indicated, to see the measure introduced and to have the revenue raised returned to boating management. It sounds like a pretty good argument to me, and it is one on which I have sought advice about implementation from the Marine Board of Victoria and the ports division of the Department of Infrastructure. As I have advised those who have raised it with me, it is a matter I will take forward through the government processes with Treasury, which is well known for not wanting to accept arguments about revenues raised from one area of government being used to service the area from which it has been raised. That is an argument I intend to prosecute. The government is committed to the introduction of licences, and I will ensure that when the measure is introduced revenue raised from it provides benefits in the form of services to people in the industry.

Rural Victoria: energy efficiency centres

Hon. E. C. CARBINES (Geelong) — Will the Minister for Energy and Resources advise the house how the government is promoting and encouraging energy efficiency and savings in regional Victoria?

Hon. C. C. BROAD (Minister for Energy and Resources) — As part of getting on with the job of implementing Labor's election commitments to reducing energy consumption, reducing costs and cutting greenhouse emissions, last Friday I was pleased to visit Geelong at the invitation of the Honourable Elaine Carbines to launch a new energy program for all country Victorians and to open Victoria's first regional energy efficiency centre at the state government offices in Geelong.

Energy efficiency centres in Bendigo and Ballarat will also be opened by the Bracks Labor government. The program will give Victorians access to practical energy savings information through a range of publications, displays and services. Some members may have been able to view such displays at the office in Spring Street, Melbourne. The Bracks Labor government is concerned to ensure that such services are also available to country Victorians and the program will be an important step.

The energy efficiency centre in Geelong has information on energy-efficient house design, home heating, insulation, appliance selection, solar and wind power and energy management practices for business. Such measures not only make sense in reducing energy use and cutting greenhouse emissions but also have the capacity to allow for enormous savings on business costs. I am advised that if all Victorians saved 1 per cent of annual energy use, $84 million would be saved on energy bills and greenhouse gas emissions would be reduced by about 710 000 tonnes each year.

Fishing: recreational licences

Hon. P. A. KATSAMBANIS (Monash) — Can the Minister for Energy and Resources, who is also the Minister for Ports, assure the house that existing recreational fishing licences in Port Phillip Bay will not be restricted in any way?

Hon. C. C. BROAD (Minister for Energy and Resources) — I have no proposals before me to reduce recreational fishing licences. I presume the question is directed to the forthcoming report of the Environment Conservation Council regarding recommendations on possible marine parks.

While those issues have been raised with me by interest groups as well as members of Parliament, they are hypothetical. I have no advice available to me at this time. I am not aware of what is in those proposals. When I am provided with that advice, I will be examining it closely and discussing the proposals with participants in recreational fishing.

Sport: Active Girls Breakfast

Hon. D. G. HADDEN (Ballarat) — Can the Minister for Sport and Recreation inform the house of plans to encourage young women to become involved in sport?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — One of the major problems in sports participation in this state is the high drop-out rate of girls in their early to mid-teens. To encourage young girls to stay involved in sport, my department, Sport and Recreation Victoria, will initiate a program called the Active Girls Breakfast, acknowledging the achievements and participation of schoolgirls in sport.

The program will provide an opportunity to introduce young girls to elite female athletes and role models. Schools will nominate students to attend and they will be addressed by high-profile sportswomen and health professionals. Similar models have been successful in New South Wales and Western Australia, where the breakfast has become a significant event with a high degree of status. The breakfast will be held in Melbourne in March next year.

Unions: membership

Hon. M. A. BIRRELL (East Yarra) — I refer the Minister for Industrial Relations to her comments during debate on Wednesday, 1 December last week on trade union membership and industrial relations. The minister commented along the lines that workers can come under federal awards only if they are members of trade unions and that workers who are not members of unions cannot be respondents to federal awards. Will the minister read the *Hansard*, reflect on the accuracy of her statements on page 7 and later this day consider making a personal explanation to the house about the accuracy of those statements?

Hon. M. M. GOULD (Minister for Industrial Relations) — I will take the honourable member's question on notice and respond in due course.

Y2K: consumer education

Hon. G. D. ROMANES (Melbourne) — Will the Minister for Consumer Affairs inform the house of what action the government is taking to ensure that consumers are aware of the year 2000 (Y2K) problem?

Hon. M. R. THOMSON (Minister for Consumer Affairs) — Labor is concerned that consumers are aware of the millennium bug and how it may affect them. It is also concerned about unnecessary panic that might arise among consumers who believe their washing machines, video recorders or other home appliances are under threat.

A booklet is being distributed nationally by the Office of Fair Trading, titled *You and the Millennium Bug*. I urge consumers to acquire a copy of it or, where they have concerns, phone the Office of Fair Trading hotline to discuss issues.

One advertisement published on 15 November promoted a package used to ensure video recorders are Y2K compliant. That is not necessary. The company sought $20 from consumers for the purchase of the package. The Office of Fair Trading has ordered that those advertisements no longer continue and that moneys that have been received are returned to the consumers concerned. It is important that all honourable members do all they can to ensure there is no overreaction to Y2K issues or panic among their own constituents while encouraging people to be aware of millennium bug issues.

PETITION

Police: Mornington Peninsula and Western Port

Hon. K. M. SMITH (South Eastern) presented a petition from certain citizens of Victoria praying for police numbers to be increased in the Mornington Peninsula and Western Port area (182 signatures).

Laid on table.

PAPERS

Laid on table by Clerk:

Bairnsdale Regional Health Service — Report, 1998–99.

Beaufort and Skipton Health Service — Minister for Health's report of receipt of the 1998–99 report.

Colac Community Health Services — Report, 1998–99.

Coleraine and District Hospital — Minister for Health's report of receipt of the 1998–99 report.

Dunmunkle Health Services — Minister for Health's report of receipt of the 1998–99 report.

East Grampians Health Service — Report, 1998–99.

Far East Gippsland Health and Support Service — Minister for Health's report of receipt of the 1998–99 report.

Forensic Medicine Institute — Report, 1998–99.

Gippsland Southern Health Service — Report, 1998–99.

Hesse Rural Health Service — Minister for Health's report of receipt of the 1998–99 report.

Inner and Eastern Health Care Network — Report, 1998–99 (two papers).

Lorne Community Hospital — Minister for Health's report of receipt of the 1998–99 report.

Moyne Health Services — Minister for Health's report of receipt of the 1998–99 report.

National Gallery Council — Report, 1998–99.

Omeo District Hospital — Minister for Health's report of receipt of the 1998–99 report.

Otway Health and Community Services — Minister for Health's report of receipt of the 1998–99 report.

Parliamentary Committees Act 1968 — Minister's response to recommendations in Public Accounts and Estimates Committee's Interim Report upon Environmental Accounting in Victoria.

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

Darebin Planning Scheme.

Geelong — Greater Geelong Planning Scheme — Amendment R247.

Upper Yarra Valley and Dandenong Ranges Regional Strategy Plan — Amendment No. 109.

Police Board — Report, 1998–99.

South Gippsland Hospital — Minister for Health's report of receipt of the 1998–99 report.

Stawell District Hospital — Report, 1998–99.

Terang and Mortlake Health Service — Minister for Health's report of receipt of the 1998–99 report.

Timboon and District Healthcare Service — Minister for Health's report of receipt of the 1998–99 report.

Treasury and Finance Department — Report, 1998–99.

VicFleet Pty Ltd — Report, 1998–99.

Victorian Relief Committee — Report, 1998–99.

Warrnambool and District Base Hospital — Report, 1998–99.

Water Training Centre — Minister for Environment and Conservation's report of 16 November 1999 of receipt of the 1998–99 report.

West Gippsland Healthcare Group — Report, 1998–99.

Wimmera Health Care Group — Report, 1998–99.

Yarram and District Health Service — Minister for Health's report of receipt of the 1998–99 report.

AUDIT (AMENDMENT) BILL

Second reading

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

That this bill be now read a second time.

The need for an effective and independent Auditor-General is almost universally accepted as a hallmark of our democratic institutions. The Auditor-General plays a pivotal role in supporting Parliament in its function of authorising and supervising the spending of public money by the executive. It is therefore important that the legislative framework enables the Auditor-General to play that role.

Recent debate in the Victorian community has highlighted people's concern that the independence of the Auditor-General was compromised by the amendments to the Audit Act in 1997.

The 1997 amendments removed the capacity of the Auditor-General to conduct audits in his own right. An independent agency was established, Audit Victoria, to which a significant number of the staff of the Auditor-General's office was transferred.

This bill will restore to the Auditor-General complete discretion over the management and contracting of all external audits of all public sector authorities and will enhance his independence from the executive, whilst strengthening his accountability to Parliament.

This government has a clear mandate for these amendments. They were comprehensively outlined in our election commitments and were subject to the agreement with the three Independents. The opposition also made a commitment to the Independents to restore the role, function and resources of the Auditor-General.

In amending this act, two basic principles have been applied: ensuring the independence of the Auditor-General from executive direction, and establishing a transparent accountability framework for the Auditor-General. It is important that the Auditor-General be accountable for the performance or exercise of the functions, duties and powers attached to the office, and for the public resources applied in the process. A balance must be kept so that the accountability framework does not compromise the independence of the office.

The Auditor-General has been consulted on the development of these amendments. Some further amendments that have been suggested by the Auditor-General will need to be considered at a second stage as they require a greater degree of consultation than could be allowed for in the preparation of this legislation.

The bill enhances the independence of the Auditor-General by maintaining his status as an independent officer of the Parliament and, more particularly, by enshrining and entrenching the provisions relating to the appointment, independence and tenure of the Auditor-General in the Constitution Act 1975. The bill removes sections 4, 4A and 5 of the Audit Act and places them in a new division 3 in part V of the Constitution Act. The appointment of the Auditor-General must now be made by the Governor in Council on the recommendation of the parliamentary committee. There is also a provision that prevents the remuneration of the Auditor-General from being reduced.

The current act did not have a provision for the Auditor-General to resign. This has been rectified by

proposed section 94C of the Constitution Act, which provides that the Auditor-General can tender his resignation to the Governor in Council.

The independence of the Auditor-General from executive direction is further enhanced by giving the parliamentary committee the authority to vary any obligation or requirement imposed on the Auditor-General or his office, by or under, the Financial Management Act 1994, or the Public Sector Management and Employment Act 1998. Proposed section 7C provides for that and further requires the parliamentary committee to table any variations before each house of Parliament within six sitting days of making the variation. Members should be aware that the bill allows either house to disallow such a variation. It is expected that variations will be rare and are there primarily to signal the independence of the Auditor-General from the directions of the executive. As a general principle, the Auditor-General and his office are expected to comply with the minimum accountability standards imposed on all other authorities that would be subject to external audit by the Auditor-General.

The accountability framework established for the Auditor-General is based on the need to report to Parliament on the effective and efficient use of public resources and for the performance or exercise of the function, duties and powers attached to the office. The arrangements whereby this accountability will operate are similar to that of public sector authorities — namely, by ex ante specification and agreement of expected performance; and ex post reporting and review of actual performance.

The Auditor-General is now required through a new section 7A of the act to prepare an annual plan for comment by the parliamentary committee. The annual plan will set out the intended work plan for the year and the way the resources allocated by Parliament in the budget are to be applied.

The Auditor-General is now required to make an annual report to Parliament but this will be strengthened by requiring him to comply with the minimum standards set out for public authorities, unless the parliamentary committee exempts him from so doing.

Our policy commitment is to reintegrate Audit Victoria into the Auditor-General's office so that he has the resources to exercise complete discretion as to how he conducts the audits of public authorities. This bill repeals part 2A of the Audit Act, which established Audit Victoria and its board, and part 2B, which established the role of authorised persons.

The role of the Public Accounts and Estimates Committee (PAEC) will be expanded in relation to the accountability of the Auditor-General. Currently the PAEC advises the Auditor-General on its performance audit priorities and recommends to Parliament the engagement of the financial and performance auditors of the Auditor-General's office (VAGO). As a result of these amendments, the parliamentary committee will also recommend the appointment of the Auditor-General to the Governor in Council, will comment on the Auditor-General's budget and annual plan, will exempt if necessary the Auditor-General from complying with legislative requirements, and will report such exemptions to Parliament. These changes strengthen the accountability of the Auditor-General to Parliament and enhance the power of the Parliament over the executive.

There are some further amendments suggested by the Auditor-General that will provide greater efficiencies, such as the power to engage any person under contract to assist with any of the functions of the office — proposed section 7F — and the power to delegate functions and powers — proposed section 7G.

To increase transparency and accountability a dispute resolution mechanism over fees charged by the Auditor-General has been introduced.

The confidentiality provisions in section 12 of the act have been tightened to give the Auditor-General more discretion to include in a report information gathered in the course of an audit if it meets the test of being relevant to the subject matter of the report and is in the public interest.

The government has made a commitment that the Auditor-General will report on the day of presentation of the state budget whether the government has met its commitment to maintain an operating surplus. This commitment will be achieved through separate legislation relating to responsible, transparent and accessible budgets rather than in this act. It is my government's intention to introduce such legislation prior to the next budget.

This act also provides for the separation of the auditing and reporting requirements currently found in sections 25(j), 26 and 27 of the Financial Management Act concerning the annual financial statement. The bill adds a new section 16A to the Audit Act to deal with this separation of responsibilities and to set the timetable for the auditing of the annual financial statements.

With the abolition of Audit Victoria, transition arrangements are set in place that will transfer the staff

to the Auditor-General's office on terms and conditions not less favourable than they received in Audit Victoria immediately before the commencement of the act.

Provision is also made for the transfer of all liabilities, obligations, rights, property and assets of Audit Victoria to the state. There may be cases where Audit Victoria has entered into obligations and activities that are outside the scope of the Auditor-General's powers, and in those cases transition provisions are included that enable the Auditor-General to continue such activities until their completion or termination.

There are a number of other important issues raised by the Auditor-General, but as these require further consultation with other parties they will be considered at a later stage.

I commend the bill to the house.

The PRESIDENT — Order! Before putting that motion to the house I wish to raise a matter with the Leader of the House. Having heard her second-reading speech, I had occasion to ask for a copy of the second-reading speech given in the Legislative Assembly. I had a quick look at both speeches and they appear to be identical; however, the Assembly passed something like 33 amendments to the bill as originally proposed in that house. I think those amendments came from both sides of the house.

Can the minister assure the house that the second-reading speech has been adjusted, if necessary, to take into account the amendments of the Assembly?

Hon. M. M. GOULD (Minister for Industrial Relations) — I cannot do that at this point, Mr President. I will get advice on that matter and inform you immediately.

The PRESIDENT — Obviously it would be a significant issue if we were presented with a second-reading speech that did not take into account what was actually passed in the Assembly.

Debate adjourned on motion of Hon. BILL FORWOOD (Templestowe).

Debate adjourned until next day.

CRIMES AT SEA BILL

Second reading

Debate resumed from 1 December; motion of Hon. M. R. THOMSON (Minister for Small Business).

Hon. C. A. FURLETTI (Templestowe) — I am pleased to support the Crimes at Sea Bill, which was developed as part of the former government's program in dealing with a very complex area of offences that are committed at sea on, above or below ships.

The bill comes before the house at the culmination of a number of years work. It was developed under the direction of the Special Committee of Solicitors-General of the commonwealth and the various states. The initiative was begun by the Standing Committee of Attorneys-General for the purpose of developing template legislation for Australian states and the Northern Territory.

The bill establishes a cooperative scheme between the various states of Australia, the Northern Territory and the commonwealth with a view to dealing with crimes at sea, in the first instance for clarifying jurisdictional issues and complexities and in the second instance for vesting investigative and judicial powers in state governments by an intergovernmental agreement.

At the moment offences committed at sea are dealt with at state level under the jurisdiction of the Crimes (Offences at Sea) Act 1978 in conjunction with the commonwealth Crimes at Sea Act of the same year. However, the state laws and the overriding commonwealth law with their different aspects and emphases and different investigative and judicial processes — down to, for example, the classification of crimes as either summary or indictable offences and the different emphasis and interpretations placed on that — have led to an enormous amount of confusion and complexity, to some startling decisions in the courts and to considerable judicial argument over the division of jurisdiction.

The house will recall that earlier in this sitting the Federal Courts (State Jurisdiction) Bill was debated and the issue of geographic and jurisdictional delimitation was considered in depth. The area involves detailed and intense cooperation between the states and the commonwealth for the benefit of public order and justice. The current legislative framework is seriously flawed and is causing considerable concern to those involved.

As a result, as I indicated in my opening remarks, the states, the commonwealth and the Northern Territory have come together to develop the new scheme. The Crimes (Offences at Sea) Act 1978 has to a large extent been reproduced in the total rewrite of the legislation, but with some modifications, variations and refinements.

The current legislation relates to any offence that is committed either in the ship, aboard the ship, above the ship or below the ship by anybody who is on the ship, so the nexus between the offence and its perpetrator relates to being out at sea. However, there is a saving provision for the commonwealth legislation with respect to offences that occur above the ship in an aeroplane under the commonwealth Crimes (Aviation) Act, which saves that type of offence.

The complexities are obvious in section 3(3) of the Crimes (Offences at Sea) Act, which attempts to establish the jurisdiction of the courts. I will not read the subsection to the house. Suffice it to say that jurisdiction currently depends on where the ship is registered; from where it is departing; and its intended next place of call. The complexities of trying to determine jurisdiction were sufficient to bring together the states and commonwealth governments in what I previously described to the house — which I notice from today's media reports that the Premier has picked up — as a form of cooperative federalism leading to good government and law in Victoria.

The existing law seeks to introduce elements of deeming and presumption with respect to giving jurisdiction to the courts. That provision is found in sections 3 and 11 of the Crimes (Offences at Sea) Act in which certain aspects of power and authority are deemed to exist; certain aspects of jurisdiction of courts are deemed to apply; and a reference is made to seeking to determine matters summarily compared to using indictment procedures provided under section 9 of the principal act.

As I have indicated, the provisions are particularly complex and somewhat confusing. The existing act makes provision for an arrangement between the commonwealth and the state, an aspect to which I will refer later. Section 4 of the Crimes (Offences at Sea) Act provides that while the Governor in Council may make an arrangement with the Governor-General of the commonwealth with respect to the performance of duties or the exercise of functions, any duty or function involving the exercise of judicial power is specifically excluded from those arrangements. That restricts somewhat the types of arrangements that can be made.

The bill introduces a whole new aspect of dealing with crimes at sea, and does it in an interesting fashion. It brings together the effect of commonwealth legislation — and the weight that brings — and the application of state law.

The Crimes at Sea Bill deals effectively with two aspects of an offence: the geographical aspect — where the offence occurred; and the jurisdictional aspect — the type of crime it relates to and what constitutes the substantive criminal law relating to the offence. It also deals with investigative powers and outlines what constitutes those investigative powers. Finally, the bill deals with procedural or judicial aspects of the offence and the court to which it should be referred.

An important point that needs to be made is that while the Crimes (Offences at Sea) Act affects all offences occurring on ships sailing in adjacent areas, the bill provides that the jurisdiction of the states in waters over which they have administrative responsibility will be restricted, much as it is now in respect of foreign ships — ships that are not registered in Australia or do not call Australia home — and the consent of the commonwealth Attorney-General is necessary for reasons of foreign relations implications and consistency in the bringing of a prosecution. There is also the matter of uniformity of application of Australian justice when it affects foreign governments. Those provisions are substantially reproduced and refined in the Crimes at Sea Bill.

The bill, as I said, rewrites the law relating to offences at sea. It totally repeals the existing Crimes (Offences at Sea) Act, it substantially amends the provisions of the Interpretation of Legislation Act that relate to crimes at sea, and it clarifies the jurisdiction of states to enforce their own laws as commonwealth laws for offences they choose to prosecute.

The bill amends section 57 of the Interpretation of Legislation Act by making provision for the application of the criminal law of the state to adjacent areas and coastal waters. While I was preparing this contribution to the debate I found in my research quite a lot of convoluted and difficult technical terminology and definitional complexities in both state and federal legislation, making it all a bit difficult to follow. I can understand why it is important to bring together, clarify and simplify the complex legislation developed over the past 20 to 30 years.

Clause 10 of the bill amends section 57(5) of the Interpretation of Legislation Act by repealing the clauses that define the terms 'coastal waters' and 'adjacent area' and redefining them to accord with the way they are defined in the Petroleum (Submerged Lands) Act. The definition of 'adjacent area' in the Interpretation of Legislation Act is different from the definition of 'adjacent area' in the bill. That is important because the legislation covers areas agreed to in 1967 following earlier acts of cooperative federalism achieved when the states came together to contribute to the implementation of the Petroleum (Submerged

Lands) Act, which relates to exploration for and exploitation of the petroleum resources on the continental shelf.

Under schedule 1 of the federal Petroleum (Submerged Lands) Act an agreement on, for example, the continental shelf, was made between the states and the commonwealth by way of convention. Section 5A of that act defines an adjacent area, and the adjacent areas of each state are identified and precisely defined in schedule 2, which gives the longitudinal and latitudinal measurements of the boundaries.

I direct the attention of the house to that detail as the determination of an adjacent area is important from the perspective of the geographical location of the commission of a crime, and the thrust of the Crimes at Sea Bill is for the law of the state, which has the administrative control of its adjacent area, to be applied as if it were commonwealth law. That is obviously a significant step forward by way of state and commonwealth agreement.

The bill has an unusual structure. It has been drafted and settled on in consultation between the commonwealth, the states and the Northern Territory. It is the first bill I have seen in many years to carry a preamble. Although the substantive elements of the bill are short, schedule 1, which dictates the cooperative scheme agreed on by the states, contains a very detailed definitional section for parts of the scheme. It is an interesting way of presenting legislation.

As I have said, schedule 1 defines the adjacent areas for the purposes of the application of state jurisdiction, and the adjacent area is further divided into an inner adjacent area and an outer adjacent area. The bill provides that the states will retain jurisdiction over the inner adjacent area, which is an area 12 miles offshore from the baseline — the low water level of the land — and the jurisdiction as granted to the particular state under the Australia Act. Section 2 of that act allows the states to make extraterritorial laws within that distance.

The bill provides that the commonwealth has jurisdiction between 12 nautical miles and 200 nautical miles out to sea. However, the states that have administrative control over that area will have jurisdiction over it. In other words, the law of Victoria will be applied to its outer adjacent area with the strength of the commonwealth law.

The provisions extend beyond that, because the jurisdiction is more dependent upon which state is conducting the investigation and the prosecution rather than upon the geographic location of the offence. If, for example, a Victorian authority is investigating an offence that occurred in New South Wales, the rules and regulations that would apply under Victorian criminal law would apply to that investigation notwithstanding that the offence occurred outside the outer adjacent area.

The scheme envisages considerable consultation and assistance between the states to ensure that it works well. In other words, if there is some dispute or uncertainty about which state should have jurisdiction, the intergovernmental agreement, to which I will refer to shortly, enables the states to consult and determine which state should take up the matter, conduct the investigation and pursue the prosecution. That will not in any way limit the immediate powers for action that needs to be taken, such as the powers of arrest, apprehension and the like. The jurisdictional problems that existed under the current act will be put to one side and the states will work cooperatively under the intergovernmental agreement.

The bill is a good example of cooperative federalism. Template legislation was prepared in consultation with the various states, the commonwealth and the Northern Territory. The intergovernmental agreement provided for under part 3 of the bill has been negotiated and is ready to be signed. It was developed through the Standing Committee of Attorneys-General and it is intended that it be signed after the enactment of the bill.

The affect of the agreement is significant, because the scheme provides that in the event of a charge resulting from a maritime offence being brought before a court contrary to the inter-governmental agreement, on the motion of either the commonwealth Attorney-General or any participating state minister the proceedings must be permanently stayed. That ensures that there can be no contravention of the agreement, and it is a significant part of the new scheme. There is to be mutual assistance of and consultation between the various state authorities in investigating offences in the event that there is some doubt about the most appropriate jurisdiction.

The purpose of the bill is to establish a cooperative scheme among the states, the Northern Territory and the Commonwealth. I am advised that all states, except Victoria and Queensland, have either enacted the legislation or are in the course of passing it through their respective parliaments. I therefore commend the bill to the house and wish it a speedy passage.

Hon. KAYE DARVENIZA (Melbourne West) — I am pleased to speak on the Crimes at Sea Bill, which is part of a national cooperative scheme under which

mutual laws will be enacted to apply in the waters surrounding Australia. It will replace the current Crimes (Offences at Sea) Act, which was enacted in the late 1970s.

As a result of the commonwealth and the states taking different approaches to dealing with crimes at sea, there are many serious flaws, gaps and inconsistencies in the current legislation, a number of which have already been outlined by the Honourable Carlo Furletti. This bill has been developed in order to address those problems.

The new scheme will give Victoria and other jurisdictions a modern regime for dealing with crimes at sea. Under the current scheme, often it is where a ship is headed or where it is registered that determines which laws apply to the criminal offences committed. Even when the criminal law is clear, under the current legislation there can be difficulties in determining who is responsible for enforcing the law and which procedural rules should apply when offences are investigated — and that creates a series of problems. The legislation is complex; it is difficult to apply; and it can produce overlapping laws. That is another issue that was mentioned by the Honourable Carlo Furletti.

To address the difficulties, in 1994 the commonwealth, the states and the Northern Territory agreed to implement a new national scheme to apply to criminal offences that occurred offshore. An undertaking was given by the Kennett Government. The legislation was drafted under the instructions of that government and considered in principle by its Cabinet.

The new crimes at sea scheme has been developed through the Standing Committee of Attorneys-General and is based on legislation drafted by the Special Committee of Solicitors-General. That committee consulted widely with stakeholders, including the Australasian Police Ministers Council.

The new scheme will be much simpler: it will be easier to understand and to apply. It will clarify the way criminal law applies to crimes committed offshore and will simplify the necessary investigative and prosecution procedures. The cooperative scheme has been developed by cooperation between the commonwealth, the states and the Northern Territory. Each body has agreed to enact uniform crimes at sea legislation to give effect to the new scheme. The bill will also repeal the current Victorian legislation, the Crimes (Offences at Sea) Act.

In the past year the governments of New South Wales, Tasmania, South Australia and the Northern Territory have passed legislation to give effect to the scheme, although the legislation in each place has yet to take force. Western Australia, Queensland and Victoria are in the process of introducing their legislation. The federal government will also need to enact legislation. A common implementation date will be agreed upon to bring the scheme into effect simultaneously throughout Australia.

The scheme provides that criminal laws of each state and the Northern Territory will apply in the adjacent area. The criminal laws of a state or the Northern Territory will apply by force of its own laws to 12 nautical miles from the coast, which is to be known as the inner adjacent area; and the criminal laws of the state or the Northern Territory will apply by force of commonwealth law from 12 to 200 nautical miles offshore or to the outer limit of the continental shelf, whichever is the greater, which is to be known as the outer adjacent area. Technically, commonwealth laws will apply to the outer adjacent area as though they were state or Northern Territory laws.

The bill includes an indicative map which shows the boundaries that will apply to the outer adjacent area. That will give honourable members an idea of the areas covered by the bill.

The new scheme is not concerned with crimes committed beyond the outer adjacent area — that is, on the high seas. Commonwealth laws deal with crimes in that area. It is important to note that the bill does not change the existing boundaries and the scheme does not restrict or limit in any way the powers of independent statutory authorities such as the Environment Protection Authority to prosecute offences.

The new scheme will not apply to laws of a state or the Northern Territory excluded by regulation from the scheme; provision is made under the scheme to exclude certain laws. A specific process set out in the bill must be followed, so laws of the state may be excluded by regulation from the scheme. That requires an application by the state or the Northern Territory to the Governor-General to exclude a law from the scheme, but that can be done only with the agreement of the state ministers and will enable, where appropriate, certain laws to apply outside the crimes at sea scheme.

Limitations are also set out in the bill. When an offence is alleged to have been committed on or from a foreign ship and the ship is registered under the law of a country other than Australia, and when under international law the country of registration has jurisdiction over the alleged offence, written consent of the commonwealth Attorney-General must be obtained

to prosecute the offender. That approach has been developed to enable the commonwealth government to apply Australia's international obligations consistently.

However, it does not prevent or delay authorities dealing with alleged offences. The absence of written consent from the commonwealth Attorney-General will not delay or prevent the offence being dealt with. Clause 7(3) of part 4 of schedule 1 of the bill states:

> Even though the Commonwealth Attorney-General has not granted such a consent, the absence of consent is not to prevent or delay —
>
> (a) the arrest of the suspected offender or proceedings related to arrest (such as proceedings for the issue and execution of a warrant); or
>
> (b) the laying of a charge against the suspected offender; or
>
> (c) proceedings for the extradition to Australia of the suspected offender; or
>
> (d) proceedings for remanding the suspected offender in custody or on bail.

Under the scheme no delay in proceedings will occur while the consent in writing from the commonwealth Attorney-General is being sought. In other words, the legislation does not put on hold or stop the authorities from pursuing an alleged offender while that written consent is being obtained.

The scheme is part of the commonwealth, states and Northern Territory intergovernmental agreement, which will enforce it. Each jurisdiction has primary responsibility for the investigation of offences and the enforcement of law in its adjacent areas. However, the agreement provides that the states and the Northern Territory will, wherever practicable, assist in the investigation of other offences.

The agreement also provides that when more than one state or the Northern Territory has the power to prosecute an offence they will consult, and that consultation will determine which jurisdiction should proceed with the prosecution. Under the scheme the state or territory investigating or prosecuting the offence will carry out the investigation or prosecution in accordance with its own state procedures.

The scheme will be much easier to understand and will clarify how criminal laws apply to crimes offshore. It will simplify the investigation and prosecution procedures, and because it will be more effective and efficient result in crimes at sea not going unpunished.

It is clear that the existing legislation is cumbersome and has a range of serious flaws and problems. The bill needs to be passed in line with undertakings and commitments the government has previously given. I commend the bill to the house.

Hon. P. A. KATSAMBANIS (Monash) — I support the bill. Previous speakers have explained that the legislation is cooperative national legislation that has been worked on by states and territories and the federal government over considerable time — I believe more than five years. It will replace existing archaic and arcane provisions that have not worked well to enable the effective prosecution of crimes that take place at sea beyond the usual jurisdictional limits of the state governments.

The legislation will correct that situation and introduce a simpler and more effective regime. As I said, it was worked on by all states and territories and the federal government in cooperation over a long period. It deals with complex legal issues, but it does so in a way that provides an effective mechanism to enable prosecution of offences that may occur just outside the physical boundaries of our states and territories but within Australian territorial waters. It clarifies whether state or commonwealth jurisdiction applies. That is a good thing. It indicates that Australia's system of federalism introduced nearly 100 years ago continues to work well because the Australian constitution defines the powers and limits of commonwealth jurisdiction, and other areas are reserved to the state governments.

If state governments operated in a cocoon or a vacuum they would be able to deal with jurisdictional issues on their own. The bill reflects the fact that we do not live in a cocoon or a vacuum; we live in a federation within a world, and that must be taken into account when drafting legislation. Unless we work cooperatively we will not get outcomes such as the bill.

It was instructive to read on the front page of today's *Age* that the new Premier, Mr Bracks, has discovered the notion of cooperative federalism and has called for a new style of cooperative federalism. It is heartening to see, because for many years, through the 70s and 80s, the Australian Labor Party engaged in a lot of debate about whether there was any reason to keep federalism at all.

I know that almost to a man and woman the people on this side of the house have always supported the concept of federalism and the existence of states. It is good to see from the Premier's comments that the Victorian Labor Party has embraced the concept of federalism. I hope Labor members have done away with the idea that the states should be abolished. In the Whitlam era significant proposals were floated before the Australian public. That occurred before my time,

but I have read about it. It was proposed to abolish the states and introduce a super-regional government to undertake the tasks of both state and local governments. It is therefore refreshing to see the Premier has ditched the old baggage of the Whitlam era such as maintaining the rage and abolishing the states and all those other concepts.

The new Premier has embraced a concept that Liberal and National party members understand has been the crux and the basis of our system of government — federalism, where the powers of the state and federal governments are clearly delineated but where the different levels of government work together cooperatively for the benefit of all Australians.

I hope the report that the Premier is supporting federalism will put paid to any old Labor notions of completely abolishing the states. I would be interested to hear in due course whether that is the case or whether the Premier is likely to be sanctioned by any rump elements in the Labor Party that still cling to any vestiges of the possibility of abolishing the powers and rights of state governments, thus completely remodelling Australia's system of government.

The scheme results from good cooperative work between different levels of government, and the bill attempts to address the problems of crimes at sea. I do not believe anyone in the house professes that the bill will address every single issue. One issue that is not addressed is the issue of what happens outside the outer limit of Australian territorial waters. State governments have realised we do not live in a cocoon or a vacuum, and we must cooperate with other state and national governments. Increasingly we are learning that we must cooperate on an international level to get the best possible outcomes.

I hope this type of legislation can be used as a template, a kick-start to encourage further work at an international level to eradicate crimes at sea, be they crimes against the person — for example, physical crimes committed on board boats — or crimes against property, such as piracy at sea, which as we know has increased in the past decade, particularly throughout Asian waters. I note the minister handling the bill, the Minister for Small Business, is nodding in agreement. All members on both sides of the house acknowledge that as a trading nation it is in Australia's best interests to eliminate piracy at sea to enable our goods to get to our international markets as quickly and efficiently as possible, to ensure that our export income continues to grow as it has been growing over the past five to seven years.

I hope the bill can be used as an example to the rest of the world to come together to work on this important area of eliminating crimes at sea, because it is important to Victorians and Australians not only that we have an effective local regime within our territorial waters but also that we have an effective international regime to ensure that as a trading nation we can get our products and goods to markets without fear that they might be pilfered by pirates. I do not want to name any areas, but there are many areas directly to our north where piracy is a problem that has been escalating rather than decreasing over the past four or five years.

As previously stated, the bill will not address all the issues, especially in relation to crimes committed in international waters, but it will solve the issues within Australia's jurisdictional limits, be they within the inner zone — 12 nautical miles out to sea from a state's physical border — or the outer zone — out to 200 miles or the outer limit of Australia's continental shelf, whichever is the greater — as has been outlined in other contributions.

In that respect it will be interesting to see how the bill, when enacted, interrelates with other acts passed in this place, specifically acts such as that dealing with the confiscation of assets derived as a result of criminality.

The last Parliament passed a bill that gave significant new teeth to our authorities in prosecuting people who commit crimes — that is, their assets could be confiscated. Often that is the most effective sanction. Some people, especially those involved in the drug trade, consider prosecution and imprisonment as just another occupational hazard to be overcome. As an effective sanction against such crimes, further steps must be taken, including confiscating assets that have been acquired through the proceeds of crime.

It will be interesting to see the operation of the bill in giving effect to confiscation legislation and how it marries with other legislation relating to crimes such as drug trafficking and dealing. Such activities may well be undertaken within our territorial waters although the perpetrator of the crime might not live in Australia. Our territorial waters might be used as a drop-off point. In practice none of us is sure how the measure will operate, but it is hoped the legislation will allow Australia to use all crime fighting means at its disposal, including confiscation of assets, in attempting to eradicate as much as possible drug smuggling into Australia and similar crimes.

I also touch on the likely impact of the bill on my electorate of Monash Province. Within the electorate I represent with the Honourable Andrea Coote are

Station Pier and Webb Dock, which are increasingly important in the operation of sea trade to Victoria. Over the past five to six years, as a result of the efforts of the former Kennett coalition government, we have seen a huge escalation in the number of passenger liners and cruise ships docking at Station Pier. That has had an extremely beneficial impact on the economy of Victoria in general and particularly the economy of our local area.

People disembark at Station Pier in their hundreds of thousands. They go to the cafes of St Kilda, Port Melbourne and Albert Park and to the central business district of Melbourne — they enjoy Melbourne at its vibrant best. That is the result of the actions of the former Kennett coalition government in encouraging people to come to this great state and in particular encouraging the visits of cruise ships and passenger liners that in the past may have bypassed Melbourne, heading to places such as Sydney. Over the past seven years people have increasingly wanted to see what is happening in Victoria.

Station Pier brings back many memories for many people. In a different era and generation, hundreds of thousands of people landed at Station Pier after journeying from the old country to Australia. My esteemed colleague the Honourable Carlo Furletti was one of those hundreds of thousands of people. As a young boy, having endured a long and arduous journey from Italy, he landed at Station Pier with his family and they made a wonderful new life for themselves in Australia.

I know many people who embarked on such a journey. A decade ago Station Pier was like a ghost town, but today huge cruise ships dock. The people they bring evoke great memories, although they are not immigrants but tourists. The boost that their visit gives to our economy is welcome. When they leave Melbourne, they will say what a wonderful place it is and encourage more family members to visit!

Measures such as the Crimes at Sea Bill give people the comfort of knowing that, if for some reason crimes are committed on their passenger liners or cruise ships as they travel to Australia, those crimes can be dealt with under the jurisdiction of Victorian law. All Australian state law will apply equally beyond the physical limits of our state and territorial waters. That will protect those visitors and, dare I say, will it is hoped continue to attract visitors to Melbourne and Victoria.

In closing I highlight one minor issue that may not have been covered by other speakers — namely, the interrelationship between commonwealth and state laws. The bill makes it clear that, where there is any conflict as to which state laws apply in a case, the decision is based on where the action is initiated. If there is a dispute about whether a crime were committed within 12 nautical miles of the New South Wales or Victorian jurisdictions, clearly that will be dealt with according to where the prosecution is brought — that is, if the prosecution starts in Victoria, Victorian law will apply and if it starts in New South Wales that state's law will apply. Schedule 1, headed 'The cooperative scheme', particularly spells out that commonwealth law will apply if a prosecution is initiated by use of commonwealth law and the conferring of commonwealth power upon the states.

One example spelt out concerns majority verdicts of juries. If the prosecution is commenced in a state where a majority verdict of juries is available, as long as that prosecution is commenced because the crime happened within the inner state limit — that is, the state's own jurisdictional limit as conferred by the bill — state laws such as a majority verdict of juries apply. Commonwealth jurisdiction does not include a majority verdict of juries.

If a crime had been committed within the commonwealth jurisdiction and a state court were hearing that prosecution, under the conferring of commonwealth judicial power upon that court, those unique state laws will not apply but the commonwealth law will have to be applied to the proceedings at hand. The bill deals with difficult concepts of law, combining traditional state laws with maritime laws and laws governing actions at sea, but in its operation the bill will work well. It will not address every issue, but it goes a long way towards solving the problems associated with the Crimes (Offences at Sea) Act 1978, which is repealed by the bill.

I join other honourable members in supporting the bill, which is the result of significant work by the former Kennett government together with the other states and territories and the federal government. I commend the bill to the house and thank honourable members for listening to my contribution.

Hon. R. F. SMITH (Chelsea) — I am pleased to speak on the Crimes at Sea Bill. I will summarise the bill. The current crimes at sea scheme was developed in the late 1970s. The operation of the scheme had many problems. The commonwealth, the states and the Northern Territory took different approaches and enacted legislation that had gaps and inconsistencies. At present, the destination of a ship and where it is registered largely determines the criminal law that applies to an offence. The rules are complex, difficult to

apply and can produce overlapping laws. Even when the criminal law is clear it may be difficult to determine who is responsible for enforcing the law and the procedural rules for investigation.

In 1994, in addressing those issues, the commonwealth, the states and the Northern Territory agreed to implement a new national scheme for the application of criminal laws offshore. The scheme was developed through the Standing Committee of Attorneys-General and was based on draft legislation prepared by the Special Committee of Solicitors-General.

The Crimes at Sea Bill will enable Victoria to give effect to the new scheme and will repeal the Crimes (Offences at Sea) Act 1978. The central aim of the scheme is to provide greater simplicity. It will clarify how the criminal law applies to crimes committed offshore and will simplify investigation and prosecution procedures. All jurisdictions other than Victoria and Queensland have either passed bills or given effect to the scheme or will do so during this parliamentary session.

None of the new legislation is yet in force. A common implementation date will be agreed upon to bring the scheme into effect uniformly around Australia. Under the provisions of the bill, the criminal law of each state will apply to its adjacent area. The force of the law of the state will be applicable within 12 nautical miles — the enacted adjacent area — and the force of the law of the commonwealth will be applicable from 12 nautical miles to 200 nautical miles — the outer adjacent area. For the benefit of honourable members who may not know the difference between a nautical mile and an imperial mile, a nautical mile is 2000 yards and an imperial mile is 1760 yards — and I have sailed over many of them!

Under the scheme, the application of the criminal law to the outer area will come under commonwealth law. In that area, Victorian law will apply as if it were commonwealth law. Technically commonwealth law will apply but it will be exactly the same as if it were Victorian law.

Beyond the outer adjacent area are the high seas. The proposal does not relate to crimes committed on the high seas, although the commonwealth legislation deals with some of those crimes. The new scheme will not apply to the laws of a state or the Northern Territory excluded by regulation from the scheme. Where appropriate, certain laws will be able to be applied outside the crimes at sea scheme.

In most cases, the written consent of the commonwealth Attorney-General must be obtained to prosecute offences on or from a foreign vessel. That approach will enable the commonwealth government to consistently apply Australia's international obligations. As part of the scheme, the commonwealth, the states and the Northern Territory have also agreed to enter into an intergovernmental agreement dealing with enforcement of the scheme. In general terms, the agreement provides that each jurisdiction will have primary responsibility for crime investigation and enforcement in its adjacent area. I commend the bill to the house.

Hon. D. G. HADDEN (Ballarat) — I support the Crimes at Sea bill. The current crimes at sea scheme was established in the late 1970s. Its operation presented many problems because of the different approaches taken by the commonwealth, the states and the Northern Territory and the gaps and inconsistencies in their enacted legislation. As the law stands, a ship's destination and place of registration determines the criminal law that applies to an offence. Those rules are both complex and difficult to apply and can produce overlapping and inconsistent laws. One of the major concerns is determining who is responsible for enforcing the law and the procedural rules for investigation.

The new national scheme was agreed upon for the application of criminal laws offshore. It was developed through the Standing Committee of Attorneys-General and is based on the draft legislation prepared by the Special Committee of Solicitors-General. The bill will enable Victoria to give effect to the new scheme. Clause 9 repeals the Crimes (Offences at Sea) Act 1978. Clause 11 clarifies which laws will apply during transition from the Crimes (Offences at Sea) Act to the scheme and the commencement of the Interpretation of Legislation Act 1984.

Apart from Victoria and Queensland, all jurisdictions have either passed bills or given effect to the scheme or will do so in the current session of Parliament.

Clause 4 deals with the new scheme, and it has the force of law to the extent of legislative competence. The new scheme enables the criminal law of each state to apply in its adjacent area and by force of commonwealth law from 12 nautical miles — the inner adjacent area — to 200 nautical miles — the outer adjacent area.

Clause 5 provides for the classification of offences or indictable offences as described under the Victorian

criminal law as either summary offences or indictable offences.

In the explanatory memorandum, the scheme is described as a cooperative scheme:

> Clause 1 states that the purpose of the Act is to give legal force (as far as it depends on the legislative power of the State) to a cooperative scheme for dealing with crimes at sea and to provide for consequential vesting of judicial and other powers.

Clause 3 defines the cooperative scheme which will enforce the criminal law in the areas adjacent to the Australian coast as set out in schedule 1.

Under the new scheme the application of Victorian criminal law to the outer adjacent area — that is, between 12 and 200 nautical miles — will be based on commonwealth law. In other words, Victorian law will apply as if it were commonwealth law. Beyond the outer adjacent area — that is, beyond 200 nautical miles — are high seas. The Crimes at Sea Bill will not apply to crimes that are committed on the high seas, although commonwealth legislation deals with some of those crimes.

The new scheme will not apply to the laws of a state or the Northern Territory as they are excluded by regulation from the scheme. Where appropriate, certain laws will apply outside the crimes at sea scheme. In most cases written consent of the commonwealth Attorney-General must also be obtained to prosecute offences on or from a foreign vessel. It will enable the commonwealth to consistently apply Australia's international obligations under the agreement applying to the enforcement of the crimes at sea scheme. Each jurisdiction will have primary responsibility for criminal investigation and enforcement in its adjacent area. I commend the bill to the house.

Motion agreed to.

Read second time.

Third reading

Hon. M. R. THOMSON (Minister for Small Business) — By leave, I move:

> That this bill be now read a third time.

I thank the Honourables Carlo Furletti, Kaye Darveniza, Peter Katsambanis, Bob Smith and Dianne Hadden for their contributions.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

BUSINESS OF THE HOUSE

Sessional orders

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

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

Motion agreed to.

RAIL CORPORATIONS AND TRANSPORT ACTS (MISCELLANEOUS AMENDMENTS) BILL

Second reading

Debate resumed from 1 December; motion of Hon. C. C. BROAD (Minister for Energy and Resources).

Hon. G. R. CRAIGE (Central Highlands) — I state clearly that the opposition supports the Rail Corporations and Transport Acts (Miscellaneous Amendment) Bill. It is important to place on record some of the issues involved with the process that has led to the introduction of the bill. One does not have to look too closely to see that initially the bill was prepared by the Kennett government. The Bracks minority government is continuing the good work commenced by its predecessor of improving Victoria's public transport services.

It is encouraging to see the Bracks Labor government introducing legislation that will enable Victorians to enjoy the fruits of a program that the Kennett government commenced so that people from metropolitan as well as regional and country areas will benefit from changes to rail services.

No doubt many other honourable members, especially from this side of the chamber, will mention in their contributions the benefits their constituents have received since the Kennett government's introduction of a program to change the ethos of the public transport system and the way it operated. Previously a certain culture existed in public transport services not only in Victoria but also nationally. The service was seen as a hotbed of industrial disputation and overstaffing and a very inefficient government-dominated service. The

encouraging aspect of the bill is that it builds on the changes the Kennett government introduced.

The bill is not complex. Some of its legislative and administrative changes will continue the important journey that was commenced by the Kennett government. It is interesting to remember that many people were absolutely opposed to the program and the changes that were introduced. One has only to remember that the now Minister for Transport when in opposition consistently opposed any changes the previous government introduced. One has to ask why. Why would anybody want to oppose changes that would benefit the travelling public, the rail freight operators and other consumers of the service? The changes improved efficiency and effectiveness and ensured that more people returned to the various elements of the public transport system, including the metropolitan and country systems and V/Line freight.

However, the Minister for Transport and the Labor government, when in opposition, always opposed changes introduced by the Kennett government, which brings us back to the fundamental question: why? The answer is simply that the Premier is unable to withdraw from the party's relationship with the trade union movement. It is all about continuing that ongoing relationship with the union movement. In 1993 when I was appointed Parliamentary Secretary to the Minister for Transport I went to some public transport locations.

I will never forget one location which no longer stands because it has been replaced by a modern road extension and the new tennis centre. It is where the Jolimont railway yards once stood. Not many people reflect on the significance of the Jolimont rail yards, but one has only to look at the relationship that the Labor Party had with people at the Jolimont rail yards to see that it was a hotbed of union activity. That was where the unions did their training; where the full-time union delegates had their offices and staff. They did not contribute to the working environment but were union delegates on staff payroll doing union work.

The changes in the way the Victorian public transport service is viewed have been enormous. The Rail Corporations and Transport Acts (Miscellaneous Amendments) Bill builds on the changes that the previous Kennett government introduced. The bill introduced by the Labor government puts more bricks into the foundations of Victoria's modern, efficient and effective public transport system.

The bill abolishes five statutory corporations: Met Train 1, Met Train 2, Met Tram 1, Met Tram 2 and the V/Line Passenger Corporation. For the benefit of the *Hansard* record and the public who will read the report of this debate in the future I point out that Met Train 1 is now known as Bayside Trains; Met Train 2 is Hillside Trains; Met Tram 1 is Swanston Trams; and Met Tram 2 is Yarra Trams.

Initially the Kennett government broke the Public Transport Corporation into seven corporations, and today we are dealing with the remaining five. Most honourable members are aware, as I am sure some of my colleagues will inform the chamber and the public, of the benefits of the privatisation of V/Line Freight and of how it has delivered real outcomes to country Victoria. It has been a continuing process that has led to the efficient and effective delivery of vital services to rural areas.

The Victorian Rail Track Corporation (Victrack) is the other important body. It is the custodian of all the public transport infrastructure and it is appropriate it should continue in that role. I say on record to Victrack that it has an obligation to continue to provide adequate infrastructure and handle any changes and improvements the private sector wants to introduce. It is a real challenge for Victrack to be open and accessible. One of the big issues the organisation will face, and I know one of my colleagues will mention it in his contribution, is honouring the spirit of the intention that it would have an open access regime. The Labor government has a responsibility to make sure that Victrack delivers that open access regime.

Franchise arrangements having been reached with each of the five remaining corporations, with the exception of V/Line Passenger Corporation — I will come back to that issue later — all that remains is the shell of the administration, and that is the main area that needs to be wound up. The purpose of the bill is for the Public Transport Corporation to be the successor at law of those bodies and to take on issues concerning staff, legal arrangements and so on. By virtue of the legislation the PTC will be the successor to those abolished corporations.

Further changes will be made to the PTC. It is encouraging to know that the Labor government will wind up the corporation when all the outstanding issues have been resolved. I assume — I do not know whether it is in the legislation — if there were any outstanding issues concerning the PTC there would be a mechanism for them to be transferred to the Department of Infrastructure and for it to handle them.

I turn to the abolition of V/Line Passenger Corporation. I understand approximately 35 to 40 employees have remained with the corporation. There is a need to

consider the position of those employees, many of whom are located at Spencer Street. In winding up the corporation the government should consider transferring them to the Spencer Street Station Authority, or at least to the PTC or Department of Infrastructure, so they can continue in employment.

The bill deals with two further areas. There is mention in the second-reading speech of cost savings to be made by the abolition of the five corporations. In a briefing on the issue the opposition was given an estimate of some $500 000. I assume boards and chief executives will no longer be required for the corporations. If the briefing was correct I look forward to seeing a budget line item clearly indicating that there has been a saving of $500 000. If that is a part of the government cost savings suggested by the government I would like to see it demonstrated.

Legitimate issues have been raised in respect of enforcement. Because the five corporations I have mentioned will be abolished, and because the Public Transport Corporation will eventually go the same way, there will be a need for the responsibility for enforcement, particularly the carrying out of certain duties by authorised officers, to be transferred to the Department of Infrastructure.

Although the opposition does not oppose such a measure it has concerns about those authorisations and it encourages the government to be cautious when allowing the secretary of the department to authorise officers to carry out functions especially authorised as necessary — which is the term used. The opposition maintains that while fundamental changes that need to continue have been made to enforcement in the public transport area, caution should be applied to the manner in which those officers' duties are performed.

One would not want a repeat of some episodes that have occurred when authorised officers were allowed a free reign on enforcement. The government must be ever watchful that authority is not incorrectly used. It is important that the travelling public's confidence in the public transport system is reinforced by good enforcement laws. It will do no-one any good if in the future officers' authority is used incorrectly.

The opposition calls on the government to ensure that adequate checks and balances are in place. Amendments to the Transport Act provide the power to both arrest and remove suspected offenders. When one deals with those issues one should ensure that the authorised officers know how to carry out those functions.

Minor amendments are proposed to the Transport Act through additions to the provisions of the bill. By deleting references to Met Train 1 and 2, V/Line Freight and V/Line Passenger Corporation consequential amendments apply to the Borrowing and Investment Powers Act and the Treasury Corporation of Victoria Act.

In supporting the bill the opposition seeks to ensure that the government understands the real benefits in producing a legislative framework that allows the continuation of the program introduced by the former Kennett government of providing Victorians with a more efficient and effective public transport system. The opposition looks forward to the introduction of further legislative changes that will enable the private sector to continue to provide those services to Victorians.

With that in mind, the opposition supports the Rail Corporations and Transport Acts (Miscellaneous Amendments) Bill.

Hon. G. D. ROMANES (Melbourne) — The Rail Corporations and Transport Acts (Miscellaneous Amendments) Bill represents unfinished business of the former government that requires urgent attention. The matters involved are the consequences of the privatisation process completed last August. The government is giving priority to the bill because the longer the delay the more Victoria stands to lose in director and CEO salaries and other extensive costs of the administrative oversight of the now-redundant corporations.

The opposition has been cooperative in expediting the passage of the bill through the upper house, which is appreciated by the government. As Mr Craige said, the bill abolishes five of the seven corporate bodies set up under the Rail Corporations Act that were designed to facilitate the privatisation process as transport businesses were sold to franchisees — that is, Met Train 1 and 2, Met Tram 1 and 2 and V/Line Passenger Corporation. Only two corporations, Victrack and the Spencer Street Station Authority, are left intact.

Mr Craige referred to the staff who remain in V/Line Passenger Corporation. I understand that those 40-odd staff members will probably transfer to the Spencer Street Station Authority. As was said earlier, the five corporations abolished by the bill are now empty shells, but are costing money because of ongoing payments. The bill provides for those appointees to go out of office.

The bill provides also for the transfer of assets and liabilities by making the Public Transport Corporation the successor in law of the corporations.

The bill contains minor amendments. For example, clause 9 will amend the definition of 'rail transport service' in section 3(1) of the Rail Corporations Act by including a reference to the Spencer Street Station Authority, thus correcting an earlier drafting error.

The bill transfers to the Secretary to the Department of Infrastructure enforcement powers that were previously able to be exercised only by staff employed by the Public Transport Corporation. It is intended to transfer certain enforcement staff from the PTC to the Department of Infrastructure, where they will continue to carry out their traffic infringement enforcement functions.

Mr Craige referred to the enforcement issue, saying that we need to be cautious about authorising employees, through the Secretary to the Department of Infrastructure, to carry out those enforcement functions. Enforcement is an important issue — —

Honourable members interjecting.

Hon. G. D. ROMANES — I recall Mr Craige at various times calling a member of the opposition a goose. Now there is obviously a lot of interest from the other side of the house in roosters, so the opposition could be mistaken for thinking this a fowl yard rather than a Parliament.

Enforcement is a sensitive issue. It is important that whenever officers are delegated to carry out enforcement functions that delegation is supervised adequately and exercised appropriately. I assure the opposition that the government is aware of the content of the second-reading speech on the 1996 bill, which covers the training of enforcement officers. It realises the need to ensure that at all times the delegation of authority is appropriate.

In summary, the bill is an exercise in mopping up some of the previous government's unfinished business relating to the privatisation of the public transport system — and I make the following points about that. Firstly, in September 1996 the previous government launched a strategy document called 'Transporting Melbourne'. Members of the community greeted it with excited expectation in the belief that the document meant what it said when it talked about an integrated transport system that took into account land use planning, economic strategies and other social and environmental needs. So far 'Transporting Melbourne' has been strong on rhetoric and short on action. Most of the emphasis has been on the road system, with only limited investment in other transport modes.

As to the system that is now in place — Mr Craige called it an improved system — Victorians are yet to find out whether it has resulted in improved public transport. We now have an artificial split between the purchasers and providers of our tram and train businesses. Because Victoria now has a more fragmented system, the objective of establishing a better, more integrated system may not be achievable or may have been excessively diminished. The government will need to monitor the outcome of the changes to the public transport system given the importance of public transport to the state.

As I said earlier, Mr Craige referred to the improvements in efficiency and effectiveness, but one can only evaluate those against the outcome. However, we are yet to see the overall outcome and whether a more fragmented system is serving the people well.

I emphasise the importance to the state of a first-class public transport system. I am sure all honourable members would like to see that outcome result from the changes of the past months and years. A first-class public transport system is important not only for economy and business but also for the environment and for health. An improved public transport system will provide the opportunity to improve air emissions and reduce greenhouse gases. I refer to pages 78 and 79 of the document I referred to earlier entitled 'Transporting Melbourne', where it states:

> In Melbourne, the major regional air quality issues — to all of which motor vehicles are major contributors — are photochemical smog, fine particles and nitrogen dioxide. It is estimated that motor vehicles are the source of about 50 per cent of the hydrocarbons emitted in Melbourne, about 80 per cent of the nitrogen oxides, and 30 per cent of the particles.
>
> Transport, and particularly road transport, is an important contributor, by its fuel use, to greenhouse gas emissions. Nationally this sector produces 12.1 per cent of greenhouse gas emissions and 10.5 per cent of this originates from road vehicles. Improvements in the fuel consumption rates both of passenger vehicles and freight vehicles are being offset by the continuing increase in vehicle use.

The former government's policy document 'Transporting Melbourne' emphasises the need for the community to shift progressively from private vehicle transport to other forms of transport. We need to shift from our usage of motor cars to public transport, which can more effectively and efficiently move large numbers of people, and to other modes of transport such as bicycles and pedestrian use.

Hon. G. R. Craige — When did you last use a bike?

Hon. G. D. ROMANES — I ride a bike to Parliament every day. Public transport has become, in effect, a social justice issue. Since the election the opposition has rediscovered social justice, which under the former government became a dirty word. Transport is central not only to the environment but to access and equity — that is, access to jobs, health care, schools and entertainment. The majority of people in Victoria do not drive or have access to cars. A public transport system affects people's capacity to be independent, to participate fully in society and to overcome the isolation that many people experience. The system is essential for the wellbeing and happiness of a large number of members of the community. It is an important social justice issue.

For that reason the Bracks Labor government, while committed to the completion of the processes set in train by the former government, is also committed to closely monitoring the impacts and outcomes of the newly privatised transport system. We need to evaluate it to determine whether the regulatory regime and arrangements in place provide an adequate and effective coordination of the public transport system and enhance services for Melbourne. It is important to monitor, follow through and make further changes and improvements if that does not prove to be the outcome. The house needs to deal with this important bill urgently. I urge honourable members to support it.

Hon. C. A. STRONG (Higinbotham) — I support the Rail Corporations Acts and Transport Acts (Miscellaneous Amendments) Bill. I acknowledge the support of the government in proceeding with the aims of the legislation. As other honourable members have said, this is only a small bill that tidies up some of the issues remaining from structural changes in the public transport area. However, like many small bills it is a step in a series of events that have been enormously important and wide ranging and will have a significant effect on Victoria's future.

Compared with other states Victoria is blessed in having inherited a significant public transport system. Victoria was lucky to keep trams when others got rid of theirs; the state has a large commuter train and bus system.

However, for such a system to be effective it must be more than that because it must increase its patronage and be able to carry most people. That is the test. There is no point in having the infrastructure unless it is working hard, and it must also be efficient because you cannot afford to run a system that is too great a burden on the taxpayers. We need to look at what the legislation and reforms that have gone before this legislation have done. The record should show that the changes have massively reformed the public transport system in Victoria; they upgraded it, leading to significant increases in patronage.

As has been said, the privatisation of Victoria's public transport system has led to the state having three train companies — Hillside Trains, Bayside Trains and the V/Line Passenger Corporation — plus two new tram services, Yarra Trams and Swanston Trams. In other parts of the world where public transport has been privatised, particularly the oft-quoted examples of the United Kingdom and Argentina, dramatic increases have occurred in their public transport patronage. In the UK the increased patronage has been so great that the system has become overloaded and the operators are unable to operate additional services to meet the demand because of insufficient rolling stock.

It is important that rolling stock is there to meet the increased patronage. To have good patronage one must provide a good infrastructure. I put on the record what the changes implemented by the previous government will bring about and how the bill continues those changes.

During the next two to three years 71 new metropolitan trains, 58 new two–carriage Sprinter trains, which will service rural Victorian centres, and some 90 new trams will be put into the system. Colleagues of mine in the engineering profession have informed me that the order for 90 new trams is the biggest new tram order in the world. That provides honourable members with an idea of the scope and size of the initiative.

The new trains and trams will allow timetabling of more frequent services predicated on and brought about by significant increases in patronage. That is the fundamental measure of an effective transport system. Tram patronage is estimated to increase by between 40 and 50 per cent, while train patronage is estimated to increase by between 65 and 80 per cent. They are not hollow figures, because the private sector organisations that have won those franchise contracts have committed themselves to those levels of patronage. They are driven to achieve those levels by an incentive far greater than a public sector organisation would have. Their financial viability is on the line, and the amounts involved are significant.

In addition to the rolling stock a massive upgrade of the existing fleet is planned, plus the expenditure of approximately $380 million on other transport infrastructure such as stations, car parks, tracks and so on, all of which will enhance the system and attract much greater patronage.

As honourable members are aware, the arrangements entered into are basically franchise agreements where the government pays a subsidy to the various operators to run the system. The subsidy payments ratchet down over the years to reflect increased patronage and the fact that significant continual upgrades in the first few years require a continuation of the existing subsidy level.

When one does the arithmetic and looks at both the subsidy to the system in its previous operating mode and the estimated subsidy to the system over the period of the contracts, which will continue for some 12 or 15 years, depending on which contract it is, one realises that the budgeted savings over that period will be approximately $1.8 billion. The public transport system currently requires a subsidy of approximately $330 million per annum. At the end of the franchise periods there will be virtually no subsidy. In fact there will be a small positive subsidy — in other words, a small payment to the government. Massive savings, massive upgrades of the fleet and infrastructure and massive patronage growth is involved. Melbourne and Victoria will continue to have one of the best public transport systems in Australia and the world.

A public transport system must be affordable to work. If fares are too high people will not use the system and the patronage will not increase. Within the mechanisms put in place the government will set the fares and limit them to the consumer price index. Built into the system is a series of incentives that will encourage the franchise operators to increase their patronage, because if they increase their patronage they share in the profits. The franchise payments are also linked to the service levels — in other words, if they are derelict in service levels the franchise payments are reduced.

The system in Melbourne and Victoria is aimed at providing one of the best public transport systems in the world. At a personal level I am proud to have been involved in some of the planning and background work. As an engineer I am pleased to see the developments, because the huge infrastructure increase involved in the upgrade of the trams and trains has created an enormous amount of extra work in the field of engineering. Not only does the work provide employment, which is good for the economy, but it also provides jobs in a specialist area. Victoria has been able to ratchet off this experience with overseas work in rebuilding and refurbishing trams and trains, so we have been able to carve a niche for ourselves in this area.

All Victorians can be proud of what is being done. We can look forward to a good result. The situation must be monitored, and it is envisaged that that will happen. The key point is that the real measure of how effective and efficient a public transport system will be is patronage, and patronage will increase under these initiatives. That will be the real test because if people use the system it will work.

I turn to an issue raised by the Honourable Glenyys Romanes, who referred to the fragmentation of the system. One of the most interesting things I have seen is the public transport and railway system in Switzerland. The railway system in Switzerland, which took approximately 100 years to build, is one of the most extensive in the world.

A large part of the Swiss rail system is in various forms of private ownership because of the way it has been built over 100 years. I do not know the actual number, but literally scores of private railway companies run an integrated rail system for that country.

Fragmentation of ownership does not mean an integrated coordinated system cannot be run. It may be a little harder to do, but there is absolutely no reason why it cannot be done. I would be disappointed if it cannot be proven that Melbourne can do it as well as is done in other parts of the world.

With those few comments, I have much pleasure in supporting the bill. It makes some small savings by wiping out the old tram and train companies and is a logical next step in the process.

Hon. JENNY MIKAKOS (Jika Jika) — I speak on the bill with mixed feelings. As honourable members are aware, the current government has had a longstanding opposition to the privatisation program undertaken by the previous government. I have had strong feelings on the issue, too. In the past few months private operators have taken over and now Hillside Trains and Yarra Trams operate in my electorate. I will be watching carefully to see what ramifications that will have on service delivery to my constituents.

The announcement in the past couple of weeks of the rationalisation of tram stops — if I can put it that way — has caused my constituents and me extreme concern about the potential outcome of the privatisation process for people on low incomes and particularly senior citizens and those with disabilities who are frequent users of what was formerly the public transport system.

The bill has two main aspects. The first is the amendments to part 2 of the Rail Corporations Act 1996. The statutory corporations established by the previous government with a view to selling off those

assets are to be abolished because they are performing no useful function for the state. Removing the chief executive officers and board of directors will result in consequent savings.

As I said in my initial comments, in the past the current government has made its opposition to the privatisation of public transport abundantly clear. It has agreed to honour all pre-existing contracts entered into by the previous Kennett government, thereby protecting the public purse.

Clause 3 repeals division 2A of part 2 of the Rail Corporations Act 1996. Division 2A established Met Train 1, also known as Bayside Trains, as a separate legal entity and set out its powers and functions. Clause 3 also deletes references to Met Train 1 in the definition of 'rail corporation' in section 3(1) of the Rail Corporations Act and omits references to 'Met Train 1' in various sections of part 4 of the Rail Corporations Act.

Clause 4 repeals division 2B of the principal act, which established Met Train 2, also known as Hillside Trains, and set out the powers and functions of Met Train 2. The clause makes the same ancillary amendments to the act as does clause 3.

Clause 5 repeals division 2C of part 2 of the principal act, which established Met Tram 1, also known as Swanston Trams. It makes the same ancillary amendments as does clause 3.

Clause 6 repeals division 2D of part 2 of the principal act, which established Met Tram 2, also known as Yarra Trams. It makes the same ancillary amendments as does clause 3.

Clause 7 repeals division 2E of part 2 of the Rail Corporations Act, which established the V/Line Passenger Corporation and set out its powers and functions. Clause 7 makes the same ancillary amendments as does clause 3.

Clause 8 inserts new sections 109 to 113 inclusive into the principal act to allow for the directors of Met Train 1, Met Train 2, Met Tram 1, Met Tram 2 and the V/Line Passenger Corporation and the CEOs of those statutory corporations to go out of office upon the commencement of the section. The Public Transport Corporation will become the successor in law of those statutory corporations and receive any residual assets and liabilities of those corporations. As I said, the government is introducing those measures reluctantly as a means of making some savings to the public purse and to conclude the processes begun by the previous government.

Part 3 relates to certain amendments to the Transport Act 1983. In particular clauses 10 and 11 make some amendments to the definition of a 'relevant employee' under the Transport Act to allow the Secretary to the Department of Infrastructure to authorise in writing a person to exercise the powers given under sections 219 and 220 of the Transport Act. Section 219 allows a relevant employee a power of arrest to prevent the commission of a crime and to ensure public safety in the transport system. Section 220 allows a relevant employee the power to remove offenders from either a Public Transport Corporation or passenger transport company's premises or property where a person is suspected of committing an offence.

The amendments made by clauses 10 and 11 seek to widen the range of people who will be able to exercise those functions and should be supported because the use of the transport system can be maximised only by ensuring it is safe and secure for its users.

In conclusion, as I said at the outset, the process of privatisation commenced by the previous government has resulted in both Hillside Trains and Yarra Trams beginning their operations in my electorate and other private operators commencing their operations across metropolitan Melbourne and regional Victoria. In line with the current government's policy of ensuring private operators carry out their obligations under their contractual arrangements, the government will be ensuring that operators strictly meet standards of service reliability, fare structures, health and safety and timetabling. The government will be scrutinising the contracts entered into by the previous government and initiating an audit on the legality of contracts to determine whether fair value has been gained and to ensure that ongoing contractual obligations to taxpayers are met.

Hon. P. R. HALL (Gippsland) — Before commenting on clause 7 of the Rail Corporations and Transport Acts (Miscellaneous Amendments) Bill, which abolishes V/Line Passenger Corporation, I respond to a remark made by Ms Mikakos who expressed reservation about supporting the bill, given her personal view of privatisation of public transport services and the need to be wary.

I remind the honourable member that for many years public transport in the state has been a mixture of publicly owned services and privately owned services, particularly in regional Victoria where, for as long as I can remember, bus services have always been operated by private operators. We have never had a publicly owned public bus transport service in country Victoria. In parts of Melbourne many of the public transport bus

services have been operated by private owners. Companies such as Ventura, Grenda's and Driver are all examples of longstanding privately owned operators of bus services.

As I said, the history of public transport in the state has always been a mixture of publicly owned and privately owned services. Comments about the standard of service delivered by those private operators of coach services, be it in country or metropolitan Melbourne, have always been positive. People do not differentiate between who is the owner or operator of the services.

Clause 7 abolishes V/Line Passenger Corporation, which is of interest to me as a member representing a country electorate. It is true that on 29 August V/Line Passenger Corporation was sold to National Express which was given a 10-year contract to manage country rail and coach services. Under the franchise agreement it was required to boost service levels and reduce travel times, which will be of great benefit to country Victorians. Under the legal franchise agreement the company will invest $158 million for 58 new high-speed trains and spend $7 million to upgrade the existing fleet and stations around Victoria. It would have been nice if the former government had had the money to invest in the services, but such money is not always easy for a conservative — or Labor — government to come by.

A private operator is prepared to take over the services and make investments from which the people of Victoria, especially country Victorians, will benefit. V/Line passenger trains travelled to most corners of Victoria. As of January 1999 V/Line operated more than 1000 weekly train services and a little over 907 coach services to most parts of regional Victoria. Part of the franchise agreement is a positive commitment by National Express to boost patronage by 74 per cent over the next 10 years. I agree with Ms Romanes, who said that we should encourage people to use public transport so far as is practical. It is not always easy in country Victoria to ride a bicycle to work because most people do not live short distances from their place of work.

We should all share the objective of improving access to the public transport system because it benefits everybody. One pleasing aspect of National Express taking over V/Line Passenger Corporation for both rail and coach services was its commitment to examine potential improvements, including enhancement of the rail service to Echuca; building a new station at Mount Duneed in the Grovedale area; extending the rail service from Ballarat to Ararat; extending the rail service from Sale to Bairnsdale; reviewing rail services to other towns and cities, such as Mildura; reducing journey times to and from Melbourne; improving punctuality and reliability, particularly off-peak services; increasing frequency of service; and franchising coach services, including potential route extensions. I welcome its participation in examining those measures.

The company has made it clear both publicly and in my discussions with it that, if they prove to be economically viable, each of those commitments will have to be implemented. I am pleased with the initial progress in that the company is prepared to sit down and consider positive ways of improving the public transport service in country Victoria.

If the company is prepared to increase patronage by 74 per cent it will have to make it attractive for people to get back into trains and coaches. Soon after it took over V/Line Passenger Corporation I expressed my views about how those services could be improved. I place on record my support for a return of the rail service from Sale to Bairnsdale. That service was tragically closed because of economic circumstance forced upon the then government. Another issue being examined is frequency of service, which should fit in with the needs of people travelling to and from Melbourne.

One important matter for people using the Gippsland train is the point of embarkation in Melbourne. The Gippsland line is now the only country service that comes into Flinders Street before Spencer Street. All the other country train services arrive first at Spencer Street. One of the great difficulties experienced by people travelling on the Gippsland train is that it no longer departs from platform 1 at Flinders Street, which provides easy access, but from platform 13. I suggested to National Express that one way of increasing patronage is to have country trains arrive and depart from platform no. 1 at Flinders Street and the company is examining that recommendation.

National Express has shown me, the people in my province and others that it is willing to review services in an attempt to enhance them. Representatives of the company have met with local councils in Gippsland Province and with local organisations, particularly the Save Our Trains group based in East Gippsland. That responsible organisation has advocated long and hard for a return of passenger rail services to Bairnsdale. I pay the highest tribute to that group because it has approached the issue in a responsible and determined way. I know that in discussions with National Express members of the group have been positive. I look forward to continuing that work with the company.

I will comment briefly on Freight Victoria, because the Honourable Geoff Craige mentioned it. V/Line Freight was purchased by Freight Victoria approximately two years ago. Freight Victoria is another organisation that is actively looking towards increasing the amount of goods transported by rail instead of by road.

I am pleased to say that only in the past month or two Freight Victoria has recommenced the freight of timber materials from East Gippsland through to Geelong by rail, thereby transferring to rail material that was formerly taken to Geelong by road. That is a positive aspect, because as well as getting people to use public transport it is also important to get trucks off the road, which is to the benefit of all. Freight Victoria has been very helpful in attempting to increase the volume of transport of goods by rail.

I refer to the enforcement provisions in the bill. The Honourable Geoff Craige said the government needed to exercise caution in transferring the responsibility for enforcement from the Public Transport Corporation to the Department of Infrastructure. Based on my experience as a regular traveller on route 109 to Mont Albert when in Melbourne, I have found that officers of the Public Transport Corporation have displayed courtesy and cooperation when carrying out enforcements. Invariably my ticket is checked. The enforcement officers have good rapport with passengers: I see them talking to passengers and checking tickets. They do a good job of enforcement. I agree with the Honourable Geoff Craige that enforcement needs to be done carefully; it is always a delicate issue with the public. However, I believe the Public Transport Corporation enforcement officers are currently doing that task very well, at least on the no. 109 tram route to Mont Albert!

They are the issues in the bill to which I wanted to refer. The opposition is happy to support it.

Hon. ANDREW BRIDESON (Waverley) — I support the Rail Corporations and Transport Acts (Miscellaneous Amendments) Bill. All previous speakers have canvassed the bill thoroughly, particularly the Honourable Jenny Mikakos, who took us through it clause by clause. There is not much left to say on such a small piece of legislation, but nonetheless it is very important. The purposes have been well set out.

Essentially the bill abolishes Met Trains 1 and 2, Met Trams 1 and 2 and the V/Line Passenger Corporation. The abolition will benefit customers. For example, there will be better outcomes for the travelling public. During parliamentary sittings I use public transport more often than when Parliament is not sitting. I use the Dandenong line trains regularly; occasionally I use the Glen Waverley line train if I am attending meetings here during the recess. The benefits of privatisation are certainly transferring through to the public. I have found the trains in particular now run very regularly — perhaps a little more regularly than they did when the service was in public ownership.

The biggest improvement I have noted concerns my dealings with station staff, particularly those at Mount Waverley and Glen Waverley. Their attitudes have changed; they are extremely friendly and go out of their way to help patrons. In fact, this morning as my train approached Caulfield railway station the train driver announced over the intercom in clear English that we were approaching Caulfield station and that passengers were to change for various routes and so on. However, what really interested me was that as we approached Richmond station he advised people to change for their respective lines and also wished everybody a good working day! That is the first time I have ever been on train where a train driver has wished me and all the other passengers a good day. Having courteous staff is one of the side benefits of privatisation.

I have also noticed that the trains are much cleaner than they were formerly. One of the biggest problems that the new transport operators face is how to combat the vandalism that occurs on the trains. It is worth mentioning that any timetabling delays — which unfortunately appear to be more frequent than they should be — occur essentially because of vandalism committed by certain members of the public to what are called ‘our’ trains and trams. I would like to see the government, or perhaps it is now the prerogative of the private companies, to implement a public educational program to get the community to take responsibility for the graffiti and vandalism that occur. Perhaps that measure will improve the system.

A growing trend in trains in particular is to find needles embedded in the seats. They are a major hazard for the public. I do not know how the problem can be eliminated but perhaps education could go some way to achieving that.

The other real benefit to the travelling public is that the fares are very reasonable and certainly represent value for money. I know we as members of Parliament get value for money using our gold passes, but there have been no complaints from our constituents about fares. It seems that members of our communities realise that they get real value when they travel.

When I use trains I do not get caught up in the traffic, and probably a 50-minute journey by car is cut back to 20 minutes in the train, so that is a real benefit. The other benefit, yet to be seen from the rail companies, is the purchase of new rolling stock. That may be some two or three years away, but I am sure once the new rolling stock is in use patronage will increase even more. The Public Transport Corporation annual reports for the past couple of years show an increase in the number of people using the public transport system, which speaks volumes. Customers are not being turned off the system but are flocking to use it.

They are just some side issues to the bill that I would like to place on the record. As I said, the bill has been well and truly canvassed and it is good to know that the new Bracks minority government is supporting legislation that was drafted by the previous government. This is one of the bills on which there is agreement on both sides of the house. It is a pity that members of the public at large do not get to know that the Parliament is not always a place of argument. This is one of the occasions where there is total agreement on both sides. It gives me pleasure to support the bill.

Motion agreed to.

Read second time.

Third reading

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

That this bill be now read a third time.

I thank honourable members on both sides of house for their contributions — the Honourables Geoff Craige, Chris Strong, Peter Hall, Andrew Brideson, Jenny Mikakos and Glenyys Romanes.

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

GOVERNOR'S SPEECH

Address-in-reply

Debate resumed from 24 November; motion of Hon. C. C. BROAD (Minister for Energy and Resources) for adoption of address-in-reply.

Hon. D. McL. DAVIS (East Yarra) — I look forward to responding to the Governor's speech and making a number of comments about the new government's program. I compliment the Governor on the delivering of his speech.

Currently the opposition parties find themselves at an interesting juncture. Significant changes have taken place in Victoria since I last spoke in a wide-ranging debate similar to this.

Hon. R. M. Hallam interjected.

Hon. D. McL. DAVIS — The Honourable Roger Hallam makes the point that sadly we are in opposition and there is no getting around that brutal and clear fact. It is worthwhile placing on the record a number of points concerning the election results. I in no way intend to argue that the opposition parties did not lose the election or that there is not now a minority Bracks government in office, but I make the point that the election campaign and the results were interesting in themselves. The Labor Party did not gain a majority of seats in the lower house — there are three Independents — and the coalition partnership has the largest number of seats in both houses. The two-party-preferred basis of the Liberal–National partnership received a larger number of votes than the Labor Party. The Liberal–National partnership also received the largest number of primary votes.

In the context of the legitimacy of the minority Bracks government and any mandate to move forward with many of its legislative proposals and agenda, including some that were outlined in the Governor's speech, many of the proposals were not canvassed well before the election. Any concept of a mandate is not a strong one because on a two-party-preferred basis the Labor Party did not receive the largest number of votes or seats. Any issues around that need to be faced squarely.

I will reflect on the period that led up to the change of government, and in particular the performance of the Kennett government. I have prepared a number of careful analyses that look at governments before and after the Second World War. The figures available after the war were more reliable than those that were available before it. Most of the figures I have examined are from the Australian Bureau of Statistics. On the hard numbers and the output the state was able to achieve the Kennett government was clearly the most successful economic manager this century. It is important to place that core economic performance on record because it is an important part of the driving force behind the current lifestyles and living standards of all Victorians.

The figures on governments following the war demonstrate that those on short-term governments — those in office for a year or two — are only snapshots, but that those on governments in office over a longer period are a reliable measure of performance and the way the governments concerned were able to deliver economic benefits to the community. Between June 1955 and August 1972 the Bolte government achieved a long-term annual average growth rate of 3.04 per cent. Between August 1972 and June 1981 the Hamer government achieved a long-term annual average growth rate of 2.44 per cent. Between June 1981 and April 1982 the short-term Thompson government had a slightly negative growth rate, but it was a very short period.

Between April 1982 and August 1990 the long-term government of John Cain, Jr, had an annual average growth rate of 1.63 per cent — an interesting figure! Between August 1990 and October 1992 the short-term government of Joan Kirner had a growth rate of 2.32 per cent. It was coloured by a short period at the start of that term where growth was high followed by a quick fall. Nonetheless the statistical information is interesting.

Between October 1992 and October 1999 the Kennett government achieved an annual long-term growth rate of 4.17 per cent.

Hon. W. R. Baxter interjected.

Hon. D. McL. DAVIS — It is an extraordinary record. Those figures from before and after the war, including some from the *Australian Journal of Regional Studies*, allow the opposition to say with a certain level of confidence that the Kennett government is likely to have been the most successful government this century in its economic management. It is important that there is a widespread understanding of that fact in the community. The strong and sustained economic growth that was delivered by the Kennett government has had the important effect of shifting Victoria's long-term relative position compared to other Australian states and other international economies.

For evidence of that growth one need think back only to Victoria's economic situation in the early 1990s and the long-term decline in its relative position since the turn of the century. When one looks closely at Australian economic history it is interesting to note a long-term shift in Australia's relative position and standard of living as compared with other western economies.

The first significant reversal of that position came under the federal Howard government and in particular under the Kennett government in Victoria. It is no coincidence that it occurred under policies unashamedly focused on both lifting the living standards and choices of Victorians and building the right sources of business connections to create greater prosperity and, in turn, deliver the right social dividends to the community.

Migration patterns reflect the long-term shift in Victoria's economic position. Over the past 30 or 40 years Victoria has always had strong external migration. However, its internal migration patterns have suffered with a net outflow of Victorians compared with people coming here from other states. From the time such records were kept in the late 1960s the pattern has been sustained until the last 12 to 18 months when the long-term internal migration pattern has shifted. Now more people migrate from interstate to Victoria than move out of the state.

It is important to recognise that as a reflection of the Kennett government's economic management. It is important also to recognise the contribution of the former Treasurer, Alan Stockdale. One cannot praise too highly his visionary understanding of the reform that was needed. He played a key role in the reforms delivered by the Kennett government. I compliment his performance as part of the cabinet team over the past two terms of government led by Jeffrey Kennett, when Victoria sustained the highest average annual growth of any government in this century.

Following a discussion of the contribution made by Alan Stockdale, it is important to consider the reform of the economy, which has changed Victoria's economic position. It is important to maintain the pace of reform. The world is becoming more competitive and the government must ensure that Victorians are in a position to grow and take advantage of business and personal opportunities that advance our society.

Many changes have occurred internationally. Victoria is one of the great experiments in the past 20 or 30 years in what one might call regional governance. Victoria has considerably lifted its relative position, standard of living and options by building alliances and the right trade networks.

I could continue discussing examples, but I will choose only one: the clear and decisive decision by the Kennett government to target the Persian Gulf region as an area of growth in exports and for building a trading relationship. The government decided to involve many sections of the private sector in forming Melbourne-based regional linkages that included rural and regional Victoria as part of that unit.

For example, many people would never have imagined Victoria selling Holden and Ford cars to Saudi Arabia or the United Arab Emirates. It is important to understand that that project was driven, in part, by the government establishing a trade office in that part of the world. Such steps delivered enormous benefits to Victorians in a range of ways, not least in employment.

The employment benefits of reform have been important to Victoria. Growth in employment in Victoria has been far ahead of other states, reflecting this state's broader economic growth. Having read the Governor's speech, I emphasise that the pace of reform must continue. The new government lacks focus on the serious economic reforms that must be made over the next period. The government has not come to grips with the need to drive those reforms forward. It is possible that the necessary government-driven ongoing and incremental reforms will not be undertaken and that before the next election Victoria's relative economic performance compared with that of other states will decline. The edge and the momentum of the strong forward push will be lost and Victoria's historic reversal of its long-term economic position will suffer. Tragically, we will lose the benefits of the reform that was delivered to Victoria and Victorians.

I will talk about the service economy. The economies of Victoria and Australia are no longer based purely on agriculture and manufacturing. Victoria's economy is becoming increasingly orientated towards the service industries, although somewhat less so than other states. One of the key economic issues that the new government has to face up to is the need to reform some parts of our service economy. It will have to provide leadership to enable Victorians to export more services, thereby increasing export money for the community, and to build on the Kennett government's performance in the service economy.

One example is the growth in education. I hope the new government is prepared to look at the secondary school and university sectors with a view to continuing the incremental reforms begun under the previous Kennett government, which were designed to drive the growth in the education sector. That is just one part of the enormous services sector.

Sixty-nine per cent of the activity in the Australian economy can be defined as occurring in the services sector. A number of factors have led to that historic shift. As I have told the house before, it is important to understand how the economy has changed. Although agricultural production has grown in nominal terms over the century, as a proportion of the overall economy it has declined.

Manufacturing has grown significantly over the century, and in Victoria it reached historic heights over the past two years. On a per capita basis, Victoria exported more goods in those two years than it did at any other time in its history. That reflects a growth in efficient production. At the same time there has been a relative decline in the manufacturing sector because of the growth in the service sector.

I implore the new government to focus strongly on reforms that will deliver growth and higher standards of living to all Victorians. I particularly ask the government — I take little solace from the contents of the Governor's speech — to focus strongly on the services sector.

It is interesting to examine the changes that are occurring in the world economy. I refer to the World Trade Organisation (WTO) conference that was held in Seattle over the past week or so. Many of the changes that are necessary will be hard to implement. However, the conference did not achieve a good result, especially for agricultural producers in rural and regional Victoria and Victorian manufacturers. The outcome was certainly not good for the growing services sector.

The WTO's poor results will slow reform. Australia needs to be a champion of balanced reform while maintaining a focus on the national interest. It is important that that sort of reform continues at the international level. However, it is true that Victoria and Australia do not have a high level of control over what occurs in the international arena. Nor do they have much control over what occurs with trade treaties, whether they be formal or informal, regional or bilateral. However, there are things we can do, notwithstanding the lack of progress of the World Trade Organisation and notwithstanding the unfairness of certain aspects of the world trade system, which disadvantages people in rural and regional Victoria. We most control those things that as a society we can control. This is why I was disappointed that the Governor's speech did not focus clearly on the need to continue economic reform.

The reform of Victoria's ports and road structure is within our control, as is the reform of work practices and the things that relate to the interaction of government with the business sector and of government with the community. Society needs to be constantly examining ways of reforming those matters, always with an eye focused on the creation of wealth and the building of a better Victoria to deliver economic and social benefits for all Victorians.

I see no clarity of focus on economic reform in the Governor's speech. That significant weakness has not been focused on. In the interests of Victorians I implore the government to turn its focus to that matter.

I was interested in the Labor Party's hosting of a large business fundraising function last night. I am not sure if 'hypocrisy' is an unparliamentary word, but the Labor Party criticised the Kennett government for its deliberate decision to work closely with business.

Hon. E. G. Stoney — It was even more interesting to see the list.

Hon. D. McL. DAVIS — The list is an interesting one. Nonetheless, if I were in business or trying to do business in Victoria with the new government I would probably be fearful of not having attended last night's function because of the industrial muscle that the government will bring to bear on many businesses. I am concerned about that possibility.

Having said that, I do not have a problem with the minority Bracks government — a government that received less than 50 per cent of the two-party preferred vote and less than 50 per cent of the total number of seats in Parliament — establishing links with business and working with the business community. I do have a problem with its hypocrisy in having criticised the Kennett government in a way that belies its earlier statements and in making a mockery of any principled stance it may have taken. In essence, I do not have a problem with the Bracks government working closely with business because it needs to do so to lead the community and improve its economic circumstances.

I was interested to reflect on a debate that took place in this house last week when reference was made to an ALP membership clause that says, 'If I employ labour I will only employ trade union members'. One early step for the government would be to ditch that clause; the Premier could do that tomorrow. He could stop employer members of the Labor Party, especially, signing a clause in contravention of the Victorian Equal Opportunity Act, the federal workplace relations legislation and Australia's international covenant and treaty obligations.

I have digressed from the address-in-reply debate. I continue to make the point that it is important for any government to build a relationship with business in sensible, constructive ways. In that context I was happy to hear the Premier talk last night about the role of Victoria in federalism. Jeff Kennett, as Premier, was often able to provide national leadership. I am not sure that the new Premier has the wit or the stature to do that, but there may be occasions when he can deliver some national leadership. I would welcome that in some areas.

I am not sure whether a staged version of replicating state-by-state arrangements across the federation is always the best way to deliver economic and social benefits for Victorians, in the first instance, and Australians generally. There are occasions when diversity is a strength. I refer any honourable member interested in this subject to a wonderful economic paper released four or five years ago by the Western Australian Chamber of Commerce and Industry that examines the importance of competitive federalism. It argues that competition on laws between states, different economic arrangements and different ways of organising the government and economy can, on many occasions, deliver better economic and social benefits to the communities involved.

Competition allows greater experimentation in a way that does not immediately expose the entire Australian community to incremental and stepwise change. It does that state by state and allows different solutions to be arrived at for different states. Let's face it: Australia is an enormous country. A solution that works well in Perth will not necessarily work well in the large cities of Melbourne and Sydney. Why would we expect it to work? The other cities have different economies and often there are differences in the backgrounds of the people in various parts of Australia: they may have different experiences and expectations.

Most Victorians will intuitively understand and feel the difference in attitudes and expectations when they go to Queensland. What would be regarded as unacceptable in Queensland or certain other states such as Western Australia could be accepted quite well in a more socially liberal Victorian environment or in New South Wales.

There is a role for cooperation across governments and for certain states to provide leadership. Naturally, it will more often fall to Victoria or New South Wales. The loss of the decisive and focused Kennett government in Victoria will naturally see the leadership of the Australian states slip irrevocably from Victoria, perhaps to New South Wales. That is one of the great tragedies of the change of government, because Victoria's long-term decline relative to other states had been reversed in the past seven years so that Victoria was in a comfortable position of national leadership.

I shall make a number of comments about important reforms. The successful reforms to the Victorian electricity industry gave the state an enormous

comparative advantage in developing and providing pricing and security that the industry could develop by taking contracts direct to generators. I know that the owner of one large city building signed a contractual arrangement with an electricity supplier that led to a 40 per cent reduction in annual electricity costs. That is but one of many examples that have been replicated across the state. It is important in the context of the national electricity market developed in the early 1990s and the agreements signed in that period, as well as the Hilmer competition policy reforms. I freely give credit to the former Prime Minister, Paul Keating, in that regard.

Hon. J. M. Madden interjected.

Hon. D. McL. DAVIS — The minister finds it amusing, but I give credit to Paul Keating because, as Prime Minister, he provided leadership in the economic arena. His leadership in the reform of some of Australia's energy markets was important. I note also the important leadership of a former Premier of New South Wales, Nick Greiner, in that period. Now we see the benefits of reforms. Australia has a national electricity market in place — although we are not quite there yet because of problems in New South Wales and Queensland.

The privatisation of the electricity industry is an example of how a focused and thoughtful process placed Victoria in a strong comparative position that delivered benefits to all Victorians and Australians. It was one of Victoria's most significant economic benefits, not only in a comparative sense by positioning Victoria ahead of other states in terms of reform, but in terms of capital — the funds that were paid to Victorian taxpayers for the sale of its electricity assets put Victoria in a much stronger and more secure financial position.

I welcomed the reforms at the time, and I still believe they were key economic reforms. I implore the New South Wales and Queensland governments to make the same decisions as the Kennett government. It is important to understand in a federation — and I make the point in light of Mr Bracks's comments last night to the business audience, and his ideas about cooperative federalism — that Victoria's economic reforms have delivered dividends for everyone in Australia. They have delivered dividends for people in New South Wales, Queensland and Western Australia. When the price of goods and services falls in Victoria, the economic effort right across Australia is assisted.

I strongly believe Queensland and New South Wales should reform their electricity industries in a careful and methodical way that complies with the requirements of the national electricity market and does not dodge the hard steps that might need to be taken to deal with entrenched interests. That reform is important, because it will deliver benefits for all Australians, including Victorians. When the price of goods and services falls in Sydney, it helps the people in Western Australia and Victoria as well as the national export effort.

To return to the comments on the World Trade Organisation, there is no doubt that much within the trade environment is not under our control, but some things at a state and national level are within our control, and Victorians must seize the day and go forward. It may be difficult politically to make some of the reforms. It was difficult for Paul Keating in 1990 and 1991 to go forward and liberalise trade. It was difficult for Paul Keating in 1990 and 1991 to go forward and introduce competition policy reforms. It took political courage and skill. I pay credit to Paul Keating, Nick Greiner and many of the other state premiers at the time who were prepared to step forward and say, 'That is in the long-term economic interests of our state and in the long-term economic interests of Australia'.

One of the casualties of the Victorian change of government is that we will lose the ability to look at the long-term picture. Mr Kennett often talked about long-term planning, and that showed in the then government's policies. Mr Bracks should alter his rhetoric and look at the long-term picture.

I welcome the Premier's reference last night to the relationship with the business community. I am not sure that the location for his comments was acceptable, but in a broader sense I welcome his belated conversion to an understanding of the importance of building links with the business community.

One of the things Victoria will see with what I term a stalling of reform at a state government level, and more broadly a stalling of reform at a state level, is that it takes only one large state government to stall national reform. The commonwealth government has limited powers, and Australia operates as a federation. In light of Mr Bracks's comments about cooperation between governments, that concept needs to be extended beyond cooperation between state governments to include cooperation with the federal government. It is important that that sort of cooperation is developed and that opposition and government members work constructively at Victorian and national levels.

The sorts of economic reforms that still need to be made to advance Victoria's and Australia's positions are too important to be stalled. That does not in any sense take away from the comments I made earlier about the value of competitive federalism and the value of states being able sometimes to strike out in a new direction in a constructive way. That is the sort of competitive federalism we saw under the Kennett government, and it is the sort of competitive federalism that delivered benefits not just for Victoria but for Australia generally. Under the Kennett government Victoria was in many ways the motor of national growth through much of the middle 1990s.

I make a number of points that go to the heart of the issue of economic reform. I turn to the transport reform the Kennett government introduced, in particular City Link, and the transport reforms that still need to be made. I note with concern the early cancellation of the Scoresby freeway by the new minority Bracks government. That is emblematic of the sorts of errors the government has made. The economic analysis of the Scoresby freeway — and I am sure, Mr Acting President, you know exactly what I mean — showed that it would be perhaps one of the most significant national projects to be undertaken.

There will be huge economic benefits for Victorians and the national economy in the development of significant road infrastructure that enables industry to move goods more efficiently and cheaply and enables people to move more efficiently and cheaply. That will help not only metropolitan Melburnians but rural and regional Victorians as well. It will mean that produce and goods can be moved — —

Hon. R. F. Smith — When did you introduce legislation approving Scoresby?

Hon. D. McL. DAVIS — The Kennett government had a supportive, positive position on Scoresby. I note that your neck of the woods, Mr Smith, is one of the areas that would benefit most from the freeway.

Hon. R. F. Smith — I agree with you.

Hon. D. McL. DAVIS — I am pleased you agree with me. You are in a position to do something about what I am talking about now by convincing your government to proceed with that freeway. Mr Bracks has made it clear that he does not plan to go ahead with it. It is up to you and other government members. You represent Chelsea Province, which takes in the large hub in the southern area of the city up from Frankston. Important economic activity is going on down there.

Hon. R. F. Smith interjected.

Hon. D. McL. DAVIS — The Geelong road is a very important road, and we did get support from the federal government, as you are aware, to improve it jointly.

Hon. R. F. Smith interjected.

Hon. D. McL. DAVIS — That is not what much of the rhetoric coming from your government at the moment says, and I sincerely hope you are right and your government will move on this. I do not see any evidence of it; in fact, I see evidence to the contrary. My understanding is that the Premier has killed the Scoresby project stone dead, dead, dead!

I implore the government not to sell the reservation and not to let go of any easements or other capacities that would enable it to proceed with the project. I implore the government to look at the broader national economic effort. This is not only a Melbourne project, it is not only for the people in Frankston and Croydon and along the whole sweep of the eastern suburbs, it is important for rural and regional Victorians and it is important for the movement of goods nationally. It is this broader vision that I implore the Bracks government to begin developing. I hope I am wrong, but I see no evidence of it to date.

I make mention of a similar local project. Some weeks ago I spoke about the need to obtain an assurance from the Bracks minority government that the franchising reform arrangements would not be tampered with.

Mr Bracks was sending around a message that carried two signals: one that his government would honour contracts; the other that it planned to renegotiate those contracts, including the franchising arrangements. What does renegotiating contracts mean? It means uncertainty, doubt, a lack of commitment and that many projects are put at significant risk.

I instance one important local project: the extension of the tramline from Mont Albert to Box Hill. I compliment my lower house colleague Robert Clark, the honourable member for Box Hill, on his long-term championing of the project — his effort has delivered the project. He and the former Minister for Transport, Robin Cooper, did much to ensure the project was not simply glossed over but that when franchising arrangements were put in place a committed and clear decision was made to extend the tramline.

I compliment the honourable member for Box Hill on his long-term campaign to ensure the tramline is extended so that two important components of the eastern suburbs infrastructure are connected — namely, the end of the tramline and the Box Hill transport hub.

The Box Hill transport hub is not only important for buses and trams but for trains in particular. Some weeks ago I raised in this house my high level of concern about the implementation of that project. I was pleased to finally hear that after several weeks negotiations with the franchisees the Minister for Transport was prepared to guarantee the project would go ahead.

Equivocation, delay and uncertainty are unhelpful in setting the best business climate. It is important that the government be committed to advancing national and state interests and be prepared to introduce reform. Certain signals are being sent out. I have strong links with small business in my community and across the state. When I talk to people in small business I detect concern and worry and a sense of foreboding.

Hon. Jenny Mikakos interjected.

Hon. D. McL. DAVIS — No, about the change of government. Perhaps Ms Mikakos does not understand the importance of small business confidence. It is a significant factor in driving investment and employment and a loss of confidence will place small business in Victoria in a poor position.

Recently the Telstra business survey results were discussed in the house. I am not filled with confidence that the Minister for Small Business is able to lay out a reform agenda. Frankly, her contribution to the debate on that day was pathetic. I have no confidence that she will drive the necessary changes in the small business community and act as a champion of small business, as she should — there is no evidence she will do that.

An indication was given belatedly that the minister might be prepared to stand up for small business when regressive Workcover changes are introduced. I am not convinced that she has the knowledge or understanding to protect small businesses from the requests that are likely to come from people across the system.

Hon. Jenny Mikakos — It would be good if you could come to our dinner next year. Then you could chat to some of them.

Hon. D. McL. DAVIS — Over the years I have talked to many people in small business. I am not sure your dinner last night was not just a location! There was a level of hypocrisy in Labor's criticisms of the fundraising activities of our party towards the end of our period in office. While I do not have a problem with the Bracks government forming links with business — in fact, that is essential — I do have a problem with Labor using union muscle to shepherd people to its fundraisers.

I return to the theme of reform. I was struck by the lack of understanding of educational reforms undertaken by the Kennett government as evidenced in the Governor's speech. The Kennett government's reforms were clearly aimed at giving greater autonomy and flexibility to local communities in advancing the educational interests of their students. I mention the attempt to damage the self-governing schools program. While I agree it was Labor policy, I note that the Labor Party has not repealed the Education (Self-Governing Schools) Act. Government is not only about administrative activity; it is also about knowing what is required by legislation.

The Minister for Education has decided that the self-governing schools program will be unplugged, as it were, and has gone about doing so without seeking to repeal the act that establishes the program. It is important to understand that act passed by Parliament specifies laws with which the government is required to comply. The act also has what might be called a penumbra — that is, an area of goodwill, understanding or spirit that surrounds the act. An act is never black-letter law by itself. Members of the Labor Party have talked about democracy, openness and accountability, but at the same time they have been prepared to leave on the statute books an act of Parliament that requires certain things of the government.

I note the inconsistent statements of the minister on the self-governing schools policy. It might be accepted that the minister has backed off and will honour the former government's contracts. She has been forced into doing what she did not intend to do initially. I challenge her to honour the spirit, or penumbra, of the act — that is, not just the black-letter law of the contracts but what was intended by both houses of Parliament.

The aim was to reform that part of the education system that allowed for schools to take part in decision making. There was no compulsion. School communities were voluntarily able to strike out and make certain changes to the policy from one school to another in a constructive way and within reasonable parameters. They aimed at providing a better education for their students.

I am unhappy that the program has been attacked by the current minority government in a fundamentally anti-democratic, unaccountable manner that is lacking in transparency and openness. In many senses it is an attempt to crush diversity, variation and the spirit that motivates many communities. The self-governing schools program rekindled in a striking way community involvement in education. The self-governing schools

program brought together communities, some in my electorate, that built links and brought resources to schools on a generous, open and voluntary basis.

It is important to understand the effects in the wider community of the educational program that has now been snuffed out by the activities of the Minister for Education and a government that did not win a majority on the two-party preferred vote in the other place or a majority in this place. It did not have the courage of its convictions to change the act.

The press referred to the minister as Queen Mary. She has behaved in a high-handed manner, revealing that she believes she is able, by administrative fiat, to snuff out the self-governing schools program.

Hon. A. P. Olexander — Arrogance!

Hon. D. McL. DAVIS — It is the height of arrogance. One can see why the tag Queen Mary sticks so strongly to the Minister for Education and why so many of the press find her hard to deal with, as do school communities. I have heard that said by local principals and school communities. I hope the minister will review not only the substance of her activities but also her style. She should be prepared to step back from her autocratic and arrogant style, to which Mr Olexander referred in an interjection, and honour the spirit of the self-governing schools program which is aimed at providing more diverse and appropriate education programs driven by local parents and educationalists to enhance the economic performance of the Victorian economy and the life choices of Victorian students over a long period. I hold out that challenge to the minister. In many respects she has missed the idea in this area.

I turn to a more controversial matter — that is, the proposal of the minority Labor government to reform this place. Reform should not be simply a mindless attempt at change; it should be about improving this house and the work of the people in it. The Liberal and National parties are prepared to consider reform but not mindless change. The proposed change is being driven by ideology or by impractical zealot groups within the Australian Labor Party that are committed to change for the sake of it. Each incremental change must be examined constructively and must be appropriate. One must consider the time frames of other reforms, such as those proposed for the constitution. Debate in the lead-up to the referendum on whether we should become a republic began in the early 1990s. We should consider a change to this place or significant constitutional reform in a similar time frame.

The Liberal–National party partnership should examine closely and constructively every proposal for reform. I refer to the charter of the Independents which included clauses directed at various reforms. An argument for reforming the committee structure in this place could be sustained. The leaders of the opposition in the other place and in this place have made public comments on the need for reform and have suggested that reform to establish a Senate-like committee structure is appropriate. Strong argument can be made for the need for the Legislative Council committees to examine and scrutinise proposed and existing legislation in a constructive manner in the community interest. This house must reach out to the community and get ideas from the widest diversity of experts and others. There would be no argument on this side of the house against wider community consultation before legislation is passed. Without appropriate consultation such committees cannot act as a vehicle for informing members on both sides of the house in a constructive and sensible way.

People have described the Legislative Council as a rubber stamp and said that it simply replicates what occurs in the other place. I became a member of this place through choice, not a compulsion — I could have decided to stand for election in the federal sphere or in the Legislative Assembly. I chose this place because I believe its significant and important characteristics contribute to the Victorian community.

Last year a parliamentary intern carried out some work with me that particularly considered the differences between the houses, which are not always as transparent as one might imagine. In such a consideration one could look at the voting records of members, their backgrounds and ages, the gender mix, the balance within the two houses and many other issues. We chose to examine the views expressed by members in the inaugural speeches given between 1992 and 1996. We examined the speeches paragraph by paragraph to see which topics were raised and which issues were discussed. As with Mr Olexander, Ms Mikakos, Ms Romanes and others who have made their inaugural speeches, during the time under consideration members generally covered a range of views which, in some respects, came from the heart. They spoke about their families and backgrounds; their provinces; what is important to them in politics, be it ideological issues or personal aspects; and so on.

The results of the research are interesting in light of proposals to reform the Legislative Council. John Soccio, the student who undertook the research, put in a lot of work.

I will give the house some background on how the research was undertaken. Not only were inaugural speeches examined paragraph by paragraph but a pattern was looked for in the occurrence of issues and the raising of works by certain authors. Often an author has a certain way of looking at an ideological or social position on a matter. It is interesting that little research had been done in the area. At the start of the literature search I was struck by how few people had studied this aspect of bicameral chambers. There is a huge amount of literature on bicameral parliaments in the political science area but very little on this aspect of the politicians themselves. Gender balance was often looked at, but rarely was the material that people chose to present in the house looked at overall. Researchers examined voting records but not the more genuine windows to the souls of members of Parliament, such as inaugural speeches.

The idea of studying inaugural speeches proved interesting. As we looked at the issues people chose to raise in their inaugural speeches we saw that the categories that emerged were small business, local development, international trade, and decentralisation and others. We found that members who joined the house some years ago often talked about decentralisation, which is interesting in light of the current debate on the role of rural and regional Victoria. People talked about concepts such as socialism, liberalism, conservatism, and the need to reduce the size of governments, unions and federal and state issues. Some talked about the Crown and the monarchy. Considering recent debate — this was not an arbitrary approach because we were careful to consider what people said — it is interesting to see that the issue of multiculturalism was raised regularly.

Earlier I talked about economic reform. Economics was mentioned in both houses, within this category, and employment was the subject of 30 per cent of the total number of references in the Legislative Council and 42.1 per cent in the Legislative Assembly; so there are differences between the two houses in the emphasis placed on subjects. International trade was mentioned more often in this house, as was the treatment of Aboriginals, the position of women in society and the importance of liberalism. It is interesting to see which chamber is the more liberal, and to note the fixation of parties to the left of politics on reforming the chamber without looking closely at what motivates people in it.

I make the genuine point that there is a difference between the two chambers. For example, my predecessor Haddon Storey was a great reformer and liberal — the tenancy laws are one example of the reforms he introduced. I challenge somebody to do further research in the area because I have an intuition, not yet proven, that in some respects the upper house may be the vehicle for the introduction of many reforms. I suspect that the reformist ministers more often originate in this house. I may be wrong, and I stand to be corrected if the evidence shows the contrary to be the case.

The research team looked at the difference between the houses in terms of the issues that were raised. For example, we looked at how often issues of the environment, autonomy and women were raised. Incidentally, any member of the house who wants to see the material I refer to is welcome to read it in the Parliamentary Library. It should be of great interest. The references to trade were most interesting.

The research was rigorous. It looked at the frequency with which issues were raised, and the statistics revealed that it varied from one house to the other.

The research puts to bed forever the idea that the upper house is a rubber stamp; that people in this house have exactly the same views as those in the lower house. Although the detected differences may manifest in certain ways on certain issues, the research nonetheless shows once and for all that there is a difference between the two chambers. I recommend that anybody who wishes to reform this place carry out research in the library before talking too wildly. The research shows what I believe strongly: that there is a difference between the two chambers. After studying the issues and the frequency with which they arise I believe I can say this chamber appears to be more liberal, in the political sense of the word, than the other chamber. The conclusion is both interesting and powerful — interesting that parties of the left would at this point choose to decide to reform the upper house.

I am being reminded that the dinner break is not far off. I want to make a number of other comments, but it may be that I will return to them on Tuesday.

A tradition of the upper house that I like is that each speaker may make a full and adequate contribution to debate in a way that is alien to members in the lower house. I point out that the guillotine and the gag are used regularly in the lower house but not in this place — another difference between the two chambers.

In examining Labor's proposals for reform and the comments of many independent observers and academics I have been interested to know precisely what is motivating them and what their aims might be. What are they trying to achieve? Are they just trying to achieve some efficiency and some economy? I refer to

a perhaps ungenerous but also perhaps accurate contribution made by Tony Parkinson some weeks ago in an *Age* article in which he compared the importance of reform to both sides of the house. He pointed out that one reason the Labor Party wants to reform the upper house is that it does not control the numbers in this place and has done so only for short periods. Another reason is that it may feel it will never get the numbers here because of the quality of its people or its inability to work with the electoral system in a way that will enable it to deliver the right sorts of outcomes.

There may be significant aspects of truth in Mr Parkinson's article; the other side of politics may be fixated on this house because it has been unable to reform it in a way that suits it. However, to argue that there is anything wrong with the electoral processes of the upper house is to misunderstand that the Victorian Electoral Commission lays down the boundaries of both houses in a fair and unbiased way. I do not believe anyone can genuinely cast aspersions on the fairness of the way the commission draws boundaries. We are therefore left with a criticism of the majoritorian electoral system, and there are arguments for and against almost any electoral system, and many arguments for and against an empirical and reasonable system. I do not know if they are just shades of opinion in an anti-majoritorian view, but it is interesting to reflect on the anti-majoritorianism that motivates much of the criticism of this chamber.

In the light of proportional representation (PR) systems similar to those proposed by labour parties elsewhere in the world, I was drawn to an examination of the issue in the April edition of a left-wing journal entitled *Race and Class*. The article looked at arguments for and against proportional representation and whether or not it should be changed in both the British and European systems. It states:

> Proportional representation is gaining support within the British Labour government. Socialists have supported it because of the belief that it will give more of a voice to small parties, including socialists and ethnic minority parties. Dissatisfaction with coalition politics is also a factor.

That is, say, of the coalition kind which is seen in New Zealand and which is forced on many of the European countries. The article continues:

> However, proportional representation in Europe has actually given more voice to the far-right, fascist and racist parties.

That is an interesting conclusion. In Europe many of the smaller parties are of that nature at both the local government and broader levels. France has experienced a rise of far-right parties. The article further states:

> Small is fascist too …
>
> Demagogic and far-right parties do not always remain small, particularly if they are as clever at manipulating the political process as the Freedom Party (Austria's third-largest party with 22.6 per cent of the vote), as Italy's Alleanza Nazionale (second-largest opposition party with 15.7 per cent of the vote) and Lega Nord (10.1 per cent of the vote nationally), as Norway's Progress Party (second-largest party with 15.3 per cent of the vote) and France's FN (15.2 per cent of the vote in the most recent elections for regional assemblies).

At the core of this notion is the belief that smaller groupings will get better play, but I am not sure that that is true. The idea that some sort of cosmetic diversity equals some democratic struggle in some deeper way is flawed.

Continuing its comments about parties of the left in Europe and Britain, the article states:

> … advocacy of proportional representation (PR) is equally defeatist because it implies that the only way to counter the dumbing down of progressive politics is through mechanical solutions. In the final analysis, the only argument for PR that stands up against scrutiny is the negative argument against the first-past-the-post system —

or in Australia's case, perhaps the preferential system —

> as too crude and an indicator of the people's will.

The article gives the lie to the suggestion that proportional representation systems are able to give better representation — even for a journal such as *Race and Class*.

A number of One Nation candidates stood at the recent state election, although it did less well here than in many other parts of the country. The proportional representation systems that operate in the Senate and in the New South Wales Legislative Council have given rise to unsatisfactory candidates. The results here would depend on what system was introduced. If it were like the New South Wales system around 4.5 per cent of the vote would deliver an adequate quota for someone to be elected. It is interesting to examine where One Nation ran candidates in the recent Victorian election and consider the sort of vote it may get, bearing in mind that although it did not run candidates across the country it would have had the resources to run up to five candidates in each upper house electorate in the sort of system that is being advocated by Labor.

Michael Freshwater of One Nation received 6.38 per cent of the vote in Gippsland East, Dorothy Hutton received 10.8 per cent in Rodney and Bill Croft obtained 5.05 per cent in Swan Hill. The *Race and Class* article makes it clear no-one should be under any

illusion: parties of the far right, such as One Nation and others similar to it, may well do extremely comfortably under a proportional representation system. If the proposals are adopted the Minister for Sport and Recreation may well have a One Nation candidate sitting next to him following the next state election. Many of the results achieved at the election were sufficient to have had people elected under a PR system if it were replicated around the state. Bob Mackley got 5.6 per cent of the vote in Wimmera. There is no doubt that under the proposed Labor reforms there would be a good possibility of the sorts of results that would suit One Nation.

Honourable members know that Labor's other proposed reforms, such as the proposal for public funding, would advantage parties such as One Nation. It is clear One Nation would benefit from public funding, as it did in Queensland in the recent federal election. It was able to build a considerable war chest that gave the divisive and destructive party a considerable kick along nationally; it has created a lot of trouble for Australia and has worked strongly against the sorts of economic and social reforms that I talked about earlier.

It is well worth looking at an article, 'The Senate and good governance' by Campbell Sharman, the political scientist from Western Australia, who presents a good thesis on where such criticisms and reforms of the Senate, for example, come from. He argues that their genesis is often harebrained and the resulting consequences are not well thought through.

I return to the considerable divisive and destructive downsides that I see for Victoria. I believe majoritorian systems have considerable benefit and over the past seven years they have delivered significant reform proposals through the Parliament.

The reform achievements of the Kennett government were possible because the government had both decisive votes and majorities in both houses. I do not argue against more balanced numbers. In some respects it is better when the numbers of members on opposite sides are close — although historically there have been times when clear control has been used in a highly constructive way.

In conclusion, I warn that proposals that are ill thought through and not examined in detail are a danger to all Victorians. They may not reflect a good understanding of the house or the political systems on offer and they may well deliver more divisive politics of the sort that many people would not be happy to see in Australia.

The Bracks government should consider that the task of reform is important to deliver social and economic benefits to Victorians. However, the reform should focus on delivering real and practical outcomes rather than ideologically based and ill-thought-through schemes that may deliver only divisive and destructive consequences with not a jot of benefit to Victorians.

Debate adjourned on motion of Hon. E. J. POWELL (North Eastern).

Debate adjourned until later this day.

Sitting suspended 6.31 p.m. until 8.06 p.m.

GAS INDUSTRY (AMENDMENT) BILL

Second reading

Debate resumed from 1 December; motion of Hon. C. C. BROAD (Minister for Energy and Resources).

Hon. PHILIP DAVIS (Gippsland) — It is with pleasure that I contribute to the debate on the Gas Industry (Amendment) Bill. In part the bill signifies the government's support for the previous government's gas reform program. Although the opposition supports the thrust of the measure, in that it reflects an attempt to implement the revised timetable that was announced by the former Treasurer, the Honourable Alan Stockdale, on 27 November 1998, it does have concerns about clause 3, which I am sure the minister will clarify during the committee stage.

The bill contains a small but significant amendment that reflects the need to properly and progressively scrutinise the energy industry reform process. The opposition is interested in the matter given the reform of the electricity industry, the benefits of which have been clearly demonstrated, and the commencement of the deregulation of and introduction of contestability into the gas industry. There have been substantial changes in the way Victorian households and businesses expect energy services to be delivered. That applies particularly to the establishment of a contestable market that produces the lowest possible sustainable gas price for all consumers.

To that end, the processes enshrined in the Gas Industry Act, which the bill seeks to amend, set up a framework that ensures that future consumers will have more choice than they had in what was a monopoly market, given that that market is now in the hands of a number of distributors and retailers. The competition for retail custom is the important driver that will improve

services and achieve the lowest possible sustainable gas price over time.

The Office of the Regulator-General provides significant protection for consumers. It will be interesting to observe, as we move further into the life of this Parliament, what legislative changes are proposed by the minority Labor government, which has flagged its intention to make changes.

It is well understood in the community that notwithstanding the move from a monopoly to a contestable market in the gas industry, the government has sustained its obligations to the community under community service obligations. It is important to recognise that domestic gas users have the benefit of the energy relief scheme and winter energy concessions. It behoves us in a preliminary sense to reiterate that a benefit of a contestable gas market is a more efficient industry that encourages greater investment and creates new jobs. A benefit has been to grow the energy market to ensure the opportunity is available for alternative suppliers to move away from the monopoly and guarantee an environment in which alternates would sustain an improved reliability of service at the production and retail ends.

Competition always drives one aspect of service — that is, to improve service standards to reflect the expectations of customers. Hence, a competitive market will ensure that that framework exists.

An important aspect on which it is useful to reflect is the nature of the contestable market that has allowed the government to dispose of its interests in the delivery of gas as an energy source to the marketplace into private sector companies. That aspect added significantly to the previous government's reduction of the state's debt.

Although the bill is small, its intention should be emphasised. The explanatory memorandum states that clause 3:

> … amends the Gas Industry Act to add to the class of non-franchise customers persons who have purchased not less than 100 000 GJ of gas in the 12 months before 1 March 2000 and persons who, if the supply point is new, will purchase that amount of gas during a 12-month period in the three years following 1 March 2000.

The bill widens the scope of the legislation and includes a class of customer with no customer history. That amendment in the bill will significantly affect client businesses. It will affect what are known as those in a limited class because the total number in the second tranche of contestable customers is about 110 to 120. A new class of customers in the second tranche without a gas consumption history had not previously been envisaged. I understand about 8 or 10 customers will have a total consumption value of about $10 million.

So that the house will understand the significance of the quantum of the second-tranche customer class, I point out that 100 000 gigajoules a year equates with a charge to the customer of about $400 000. Given that this is a second tranche and the first tranche was for customers using more than 500 000 gigajoules a year consumption who were brought into the contestable market on 1 October 1999, the range is from about $400 000 to $2 million in value. The customers may be food processors, other manufacturers or large hospitals and hotels. I expect we will hear loud applause when the industry is able to meet the expectations established in the announcement on 27 November 1998 by the former Treasurer, Alan Stockdale, about the revised timetable. I congratulate the minority Labor government for signing up to that timetable and ensuring that certainty is established for opportunities to enter the contestable energy market.

Having said that, I must state also that the evidence about contestability leading to a benefit exists in the estimate that 8 of the 35 major businesses that entered the contestable market on 1 October have changed suppliers as a result of the process. The benefit is significant not just to businesses that have chosen to seek a different retailer but because of the market pressure that therefore applies on all other participants in the marketplace.

I am pleased that, although the opposition seeks to have matters clarified in the committee stage, it will support the bill.

Hon. E. C. CARBINES (Geelong) — I am pleased to contribute to debate on the Gas Industry (Amendment) Bill. I am pleased also that the opposition supports the bill, which allows Victorians better access to lower prices from the gas industry, which was privatised by the former Kennett government. The bill seeks to rectify an anomaly that currently exists between the provisions of the Gas Industry Act regarding schedule timetabling for the introduction of retail gas competition and the revised timetabling by the former government as announced last year.

Both timetables determine contestability for competition for retail gas consumption in the year immediately preceding a contestability date or, if the customer is new, the year following a contestability date. Businesses and industry are telling the government that there is a degree of uncertainty among stakeholders because of the discrepancy between the

scheduled introduction of gas competition and the revised timetable.

The bill will remove the discrepancy and allow the relevant stakeholders to prepare appropriately for retail gas competition, and it will allow consumers access to lower gas prices.

The bill seeks to allow new gas customers who have no relevant gas consumption history but who meet the criteria in the act the benefit of retail gas competition.

The Gas Industry Act schedules a four-stage timetable for the introduction of consumer choice of gas retailer according to consumption. The largest consumers, those who use more than 500 000 gigajoules, were given the contestability date of 1 September 1998. Consumers of more than 100 000 gigajoules were given the date of 1 September 1999. Consumers of less than 5000 gigajoules were given the contestability date of 1 September 2000. All other consumers were given the date of 1 September 2001.

The tragic incident at Longford last year, which plunged Victoria into a gas supply crisis, forced the Kennett government to announce a revised timetable for retail gas competition that set back the first and second stages. The revised timetable provided the following dates: gas consumers of more than 500 000 gigajoules were given the new date of 1 October 1999; and consumers of more than 100 000 gigajoules were given the date of 1 March 2000. A discrepancy therefore existed between the Gas Industry Act and the actual timetable for retail gas competition. The bill will remove that discrepancy and allow consumers to qualify for the second stage.

Clause 3 of the bill proposes to supplement the existing definition of non-franchise customers in section 6B of the act by adding proposed subparagraphs (iii) and (iv) to section 6B(1)(c). The proposed subparagraphs state:

> (iii) the person had purchased not less than 100 000 GJ of gas from that supply point, or an ancillary supply point, during the period of 12 months immediately preceding 1 March 2000 or the commencement of the supply, whichever is the later; or
>
> (iv) the supply point is new and ORG is satisfied on reasonable grounds that the person will purchase not less than 100 000 GJ of gas from that supply point within a period of 12 months during the 3 years next following 1 March 2000 or the commencement of the supply, whichever is the later.

The bill incorporates the revised timetable of contestability announced last year. The remaining clause makes minor miscellaneous amendments to the Gas Industry Act, basically to correct typographical errors.

The bill deserves the support of both sides of the house, and I am pleased that the opposition supports it. It provides legislative certainty to the industry stakeholders wanting to access the 1 March 2000 contestability date, and it will allow Victorians quicker access to cheaper prices from the privatised gas industry. Representatives from Geelong businesses and industries tell me that they want to reduce their energy costs, and I hope the bill will allow for that.

Last Friday the Bracks Labor government, through the Minister for Energy and Resources, launched the Energy Efficiency in Regional Victoria program.

Hon. Philip Davis — We heard about that before.

Hon. E. C. CARBINES — Yes. I am pleased you are listening.

At the launch we were told by business representatives that they estimate that up to 25 per cent of their energy costs can be attributed to wasted energy. By giving businesses and industry the double benefit of business access to consumer choice of retail gas and advice on how to save energy, the government hopes to cut energy costs, which will benefit all Victorians. I commend the bill to the house.

Hon. C. A. STRONG (Higinbotham) — I support the bill, which is important because it continues the deregulation of the gas market, which, as other speakers have said, will provide a considerable benefit to businesses and consumers in Victoria. It clearly fulfils other important functions as well, and it is worth turning to some of them.

The gas industry is different from other sectors such as electricity and public transport. Traditionally across Australia gas is an area that has not been dominated by the public sector. In at least half of Australia's states gas has traditionally been supplied by the private sector.

As we moved to a more open and competitive environment with national competition policy and so on, Victoria could no longer have quarantined its gas market to a protected public sector utility. We would have had to open it to competition from private sector utilities in other states.

One has only to look at what has happened in the electricity industry to learn some interesting lessons about how a public sector utility has been able to respond to the competition threat from a private sector utility. In New South Wales Pacific Power has lost,

depending on how it is calculated, between half a billion and two to three billion dollars. Industry representatives believe the New South Wales taxpayer will have to subsidise the Victorian taxpayer to the extent of well over $1 billion. The same situation has occurred with the Queensland electricity authority where contracts public sector utilities have entered into have cost Queensland taxpayers well over half a billion dollars.

There are significant risks associated with opening up the market and having taxpayers underwrite the market rather than the private sector. It was wise and appropriate that Victoria went the Australian way and moved its gas utility into the private sector. It has clearly been successful to date. The competition between the three gas utilities has driven costs down. Victoria has been able to — I think it is still in place — put a price freeze on the cost of gas to franchise customers. As other honourable members have mentioned, there have already been significant savings for consumers in those areas of the industry which have been defranchised and opened to competition.

Victoria was lucky to enter into long-term gas contracts approximately 20 years ago, because they have afforded Victorians economical gas on a world standard. Those contracts will run out in the course of the next few years.

A competitive market must be put in place so that the natural advantage Victoria had in cheap supply contracts is not lost. There will be risks in that. The gas market needed to be diversified significantly, and that is what gas reforms have achieved. A gas trading arrangement has been set up. Some contract gas has been sold to a Queensland utility which is now trading that gas in Victoria. Strategically it is a good move to start putting a competitive industry in place so that when long-term Esso–BHP contracts run out Victoria will be that much better placed.

Those are important background points. As my colleague the Honourable Philip Davis signalled, a few details need to be sorted out. In essence, the intention of the original bill was that, after a deregulation period entailing a series of four tranches running over three years from September 1998 to September 2001, the market would be deregulated.

Honourable members may recall that in the early days of the process the Office of the Regulator-General did some work on gas pricing. There was debate on the weighted average cost of capital as used by the Regulator-General. An appeal on the matter tended to hold up the process somewhat. Although the government has done the right thing by not moving the end date — that is, the date by which full contestability will take place — delays have meant that, rather than the tranches spanning three years, they will extend over a somewhat more collapsed period, started in October 1999.

The bill purports to lock in place the new dates for the compressed tranches, the first being compressed by some 13 months, the second by 6 months and the last two not moving at all. With those few words I have much pleasure in supporting in the bill, noting that I have a few questions to deal with in the committee stage.

Hon. S. M. NGUYEN (Melbourne West) — I am happy to join debate on the Gas Industry (Amendment) Bill. After listening to opposition speakers and views expressed outside the chamber, it can be said that it is agreed the bill should be passed before the end of the year. The principal objective of the bill is to allow companies that have used more than 100 000 gigajoules of gas to chose a gas retailer as of March 2000.

The bill amends the definition of non-franchised customers in section 6B of the Gas Industry Act 1994, taking into account the proposed timetable for gas retail deregulation and contestability as set out in December 1997. The former government revised the timetable for retail contestability for gas users. The bill establishes that the second tranche set out in the revised timetable for the gas industry will be implemented by 1 March 2000.

Some 120 customers will be allowed to choose their gas supplier, including middle-size to big businesses, service providers or manufacturers. The bill needs to be endorsed by Parliament prior to the end of the year, to help customers and gas retailers in planning their business plans for the next year.

Those 120 customers will pay annually between $400 000 and $2 million for their gas supply. The first tranche, bringing contestability to the gas industry, was adopted on 1 October 1999 and related to those industries using more than 500 000 gigajoules of gas a year. Already eight big companies have switched to other retailers since deregulation was put in place.

Victoria has five gas retailers, three from the old Gas and Fuel Corporation, one from New South Wales and one from Queensland. The total value of sales from the Victorian gas industry is about $1 billion, made up of two-thirds domestic users and one-third businesses or services. Gas retail licences issued by the Office of the Regulator-General include a mechanism by which

classes of non-franchised customers as defined by the bill can choose their supplier from the date specified in the bill.

The third tranche will allow 1000 to 1200 customers who use more than 5000 gigajoules of gas a year to choose their supplier. That will be adopted by 1 September 2000 and later will be adopted for remaining customers. Domestic users will be able to choose their gas retailer by 1 September 2001, which will be important to the Victorian community.

People can choose a provider in the telecommunications industry, be it Telstra or Optus. I agree with previous speakers that now the gas industry will be run as an open market. The private sector runs the transport system and many other industries, but this is the first time private operators have run the gas industry. The Premier is reported in today's *Age* as stating:

> … gas supply arrangements between the eastern states — Queensland, New South Wales, Victoria and Tasmania — were ad hoc, unclear and needed to be overhauled. The development of competitive electricity and gas markets was the only way to boost infrastructure investment and give consumers a better deal.

Consumers can choose the best price and the best deal. The public has more choice because of the arrangements that allow retailers to compete at a competitive price, which is good for Victoria. There is no longer a monopoly industry; it is an open market.

In conclusion, the bill will help businesses and services. Those that cannot compete will not qualify. I support the bill.

Hon. K. M. SMITH (South Eastern) — I support the Gas Industry (Amendment) Bill on the basis that it was to be introduced by the former government before the last state election.

Many benefits will be introduced from the time the original legislation was implemented until the new date set out in the bill.

The privatisation of the electricity industry, implemented by the Kennett coalition government, worked well and that industry has become extremely competitive. The opposition is pleased to be involved in the privatisation of the gas industry and the implementation of changes to the supply of gas to large and small consumers. Those changes will come into effect on 1 September 2001 when 1.4 million Victorians will be able to buy gas from a supplier of choice, in a competitive environment.

The industry has gone through the first stage which involved approximately 35 consumers — that is, the largest consumers who use about 24 per cent of Victoria's gas supply. They have already moved into the competitive environment with the gas companies that are in place. The next lot to go into the competitive environment will be industries that use between 100 000 and 500 000 gigajoules of gas a year — that is, hospitals, hotels and medium-to-large manufacturers across Victoria. They will also benefit from the competitive environment.

An important provision of the bill is that between 100 and 120 companies will benefit from the next tranche and the date of the implementation of that tranche will allow another 8 to 10 companies to benefit from the change.

The bill is a culmination of the hard work done by the Kennett government in that it was able to privatise gas. I hope at some stage in the not–too–distant future that through competition in Victoria gas will be supplied to south–west Gippsland. Mr President, you would be aware that natural gas comes out of Bass Strait not too far from south–west Gippsland — which is the only area in Victoria deprived of natural gas! That area has been held back from expanding because large organisations and businesses have not set up in that area. One of the first questions asked is, 'Do you have all the infrastructure, such as water, gas and power?'. We have water and power but we can never say we have gas. It is important to understand that gas will bring decent industry into the area and that will create jobs.

I have been disappointed with the Labor Independent in the other place, the honourable member for Gippsland West, Susan Davies, who has not pushed the issue hard. The honourable member for Gippsland South in the other place, Peter Ryan, worked extremely hard with me, as did Mr Philip Davis and Mr Peter Hall, to try to get gas through to Leongatha where there is a larger milk industry.

In trying to encourage Murray Goulburn to connect gas to its dairy industry, we could have enticed the gas supply companies to set up a decent pipeline that could have continued from Leongatha to Korumburra, Wonthaggi and Phillip Island. The plan did not come to fruition because Murray Goulburn made the unwise decision to continue to pollute the atmosphere by using briquettes for steam. The gas industry tried to convince Murray Goulburn that gas was the way to go and given time that may have happened — but the company installed briquette steam generators.

The bill is the next step in implementing the privatisation of the gas industry. Real privatisation will take place in 2001 when 1.4 million Victorians will have competitive gas companies vying to supply them with gas.

I am pleased that the tranche will allow a large number of companies to benefit from gas supplied at more competitive rates than under the former Gas and Fuel Corporation of Victoria.

Hon. T. C. THEOPHANOUS (Jika Jika) — I support the Gas Industry (Amendment) Bill which is designed to complete the process of privatisation of the gas industry.

Contributors to the debate so far have indicated that it is appropriate to have competition in the industry if it is real competition and provides benefits to consumers. If that is so, I support the debate with one important proviso — that regional Victoria is not disadvantaged by that competitive pressure.

Honourable members have compared the privatisation of the gas industry with the electricity privatisation structure. There are many similarities, in that competition is restricted to the power or gas supply companies. While there will be some competition on the price per kilowatt of electricity or gigajoule of gas, there will not be competition with the networking companies which are fixed for each of the networks. There was an appalling deception in the electricity industry where the networking costs for Powercor turned out to be far in excess of those for some of the other electricity companies based in metropolitan Melbourne. The result is a dividing line in Laverton, for example, between Powercor's area and that of Solaris.

Hon. E. G. Stoney — On a point of order, Mr President, this is a gas bill and the honourable member is talking about electricity. I suggest that he come back to gas.

Hon. T. C. THEOPHANOUS — On the point of order, Mr President, I was merely illustrating that the set of arrangements in the electricity supply industry, with which I am familiar, will be the same in the gas industry.

The PRESIDENT — Order! I will allow Mr Theophanous to continue.

Hon. T. C. THEOPHANOUS — I have directed the attention of the house before to a company called Australian Cold Storage which, unfortunately, is on the Powercor side of Millers Road.

As a result of that the company has to pay the networking costs of Powercor, which has calculated that it is costing it about $135 000 a year more in electricity than if it were located on the other side of Millers Road. I see Mr Strong nodding his head; that is one of the inefficiencies of the system that was introduced by the previous government that the Labor government will have to repair because it is not interested in having a system that disadvantages country and regional Victoria.

The same sort of problem applies to the gas industry, because the competition would be on the sale of the gas itself, not on the basis of the cost of delivering the gas through the pipeline. The pipeline costs are fixed for each of the distribution areas, and they vary. They are not subject to the same competitive pressures that will apply to the sale of the gas. That is of concern to the Labor government, especially because it could have a deleterious effect on regional Victoria. The previous government did not address the matter properly, and it is a challenge for the new government to bring about a situation where the advantages of competition are shared across the state and not limited to a few large corporations.

Hon. R. M. Hallam — You have come to that conclusion!

Hon. T. C. THEOPHANOUS — Mr Hallam, you were obviously asleep or not listening in the many debates that took place in this house on electricity and gas, because in all those cases I have been a key supporter of competition where it occurs on a fair basis with the advantage being shared across regional Victoria. I have given the house the example, of which Mr Hallam is well aware, of differentials in networking costs for electricity. Similarly, differentiation in the networking costs for gas will flow through. Unfortunately, as anybody who is able to think about this even at a very basic level would understand, it costs more to deliver gas through a pipeline to regional Victoria than it does to deliver it to Melbourne.

Hon. R. M. Hallam — Why?

Hon. T. C. THEOPHANOUS — Because the pipeline costs more to build and maintain and so on. If those costs were reflected accurately in the price for regional Victoria there would be a significant differential in the cost of gas to metropolitan and country Victorians. One of the great challenges the previous government has left to the Labor government is to look after regional Victoria.

I also draw to the attention of the house another important aspect of the changes. Under the previous system the industry delivered gas and extended its networking system to many parts of Victoria that previously did not have gas. In many cases the extensions were uneconomical and the cost recovery could not be justified on economic grounds. However, the Gas and Fuel Corporation, as it then was, made the investments in the interests of all Victorians to deliver gas to areas of Victoria where a private company may not have been prepared to go because of the economics of the situation.

The previous government introduced a different set of arrangements whereby gas companies could charge more when they extended the pipeline into areas of regional Victoria that previously did not have gas. I remember that the debates that occurred in this house with respect to these changes were supported by the other side and justified by saying, 'If we do not allow the gas companies to charge more to run a pipeline into a country town that currently does not have gas, the town may never get gas because it is uneconomical'. That argument may well have been appropriate in the era of economic rationalism during which the previous government operated, but it is also the case that had those rules applied during the development of the gas industry and the expansion of gas supplies that occurred mainly under the Bolte government, those country towns would have never had gas.

Hon. R. M. Hallam — What about Horsham and Portland? Why didn't you do it?

Hon. T. C. THEOPHANOUS — Mr Hallam, you might not like having pointed out to you some of the truths about the legacy you left the new government.

Hon. R. M. Hallam interjected.

Hon. T. C. THEOPHANOUS — Gas is being delivered progressively throughout Victoria. It was started by Henry Bolte.

Honourable members interjecting.

Hon. T. C. THEOPHANOUS — The gas system was expanded in a number of places where it had previously been delivered. There were substantial expansions to the grid in Melton.

An Opposition Member — That is in Melbourne.

Hon. T. C. THEOPHANOUS — You might think it is a suburb of Melbourne, and perhaps it will be as Melbourne expands, but gas supplies were extended to a number of country regions throughout Victoria under the Cain–Kirner governments.

The expansions Mr Hallam referred to were brought about at the cost of higher gas prices in those regions. It is easy to say, 'We will deliver gas to a region that currently does not have it but the consumers are going to have to pay three times the cost'. Anyone can do that. The real trick is to deliver gas at the same price as it is delivered to people in Melbourne. The new government has been left with the task of trying to maintain an equitable situation for country Victoria in the new competitive framework that is coming in. It is up to the government to fix up the time bomb that was put in place by the previous government.

Government members get sick and tired of opposition members talking about competition when in fact the competition that the former coalition government introduced was always skewed and one-sided. Under the former regime the government-owned liquefied petroleum gas (LPG) business in Victoria was sold off to the private sector and the company that purchased the business was itself the only other competitor. Now there is a virtual monopoly in the provision of LPG. As a result of the failure of the previous government the price of LPG — —

Hon. K. M. Smith interjected.

Hon. T. C. THEOPHANOUS — You should not talk, Mr Smith, because you supported the establishment of a virtual monopoly for the provision of LPG in Victoria. The price of LPG more than doubled under the previous government, and the costs are being borne by country Victorians. No wonder those people showed they were not interested in the previous government — they got a raw deal out of it in relation to both liquefied petroleum gas and electricity.

The present government will look after people in country Victoria. It wants to bring in a competitive framework that will bring prices down. The difference between the government and the opposition parties comes down to one fact: the government wants the benefits of competition to be gained not only by people in Melbourne but also by people in regional Victoria. I am happy to support the bill because it allows the government to set up that competitive framework. I am aware that the government has said it will maintain a close watch on the movement of electricity and gas prices.

An Opposition Member — You believe in competition?

Hon. T. C. THEOPHANOUS — Yes, and I have just been through that. The benefits of competition should be shared by all Victorians instead of by only a select few, as was the case under the previous government's proposals.

Hon. E. G. STONEY (Central Highlands) — The Gas Industry (Amendment) Bill will benefit only 8 to 10 main companies, but they are significant companies. As the Honourable Philip Davis said earlier, looking at the big picture it will assist all Victorian gas users. The bill is about keeping faith with the industry, which has expectations that the bill will deliver.

If the legislation is not finalised by Christmas those businesses that are eligible under the bill will be adversely affected. Those companies expect the legislation to be proclaimed and that their gas bills will be reduced by 5 or 10 per cent by March 2000. A lead time is needed for the proclamation of the bill. Companies may need to negotiate or discuss with suppliers such things as price, service and the quality and guarantee of supply. As Mr Nguyen said, it is important that the bill is proclaimed before Christmas.

The bill was introduced with unseemly haste and presented in an unorganised way. Despite the bill having been ready for months, opposition members were briefed on it only last Thursday. The government has been in power for 45 days yet the bill was introduced suddenly, with the opposition receiving a hurried briefing on it. At the briefing I commented on the speed of the introduction of the bill and said that the bill may have to lay over. That remark provoked an unusual response from the government spokesperson. He became testy and said that the bill must be proclaimed before Christmas. When I asked why the government had taken so long to introduce the bill and why pressure was being put on the opposition to pass the bill, the government spokesperson blustered.

Hon. Philip Davis — Who was putting you under pressure?

Hon. E. G. STONEY — The opposition members were suddenly told that the bill was needed. Having in my past life taken notes for a newspaper, I took a verbatim note of what the government adviser said in response to my questions:

> I don't know if you understand the simple process of machinery of government.

I do understand the simple process of machinery of government, Mr President, and I can pick when people bluster to get their own way. A trend of arrogance is emerging on the government side. It is both appalling and insulting that only two opposition members were allowed to attend a recent briefing on another bill. The speed with which the bill was introduced means that either the government is incompetent or that it is taking the opposition for granted. Either way, I do not like the emerging trend. I prophesy that if the trend continues the government will have difficulty getting its legislation passed because the opposition has not been properly briefed.

Having said that, I support the bill because I understand its basis. It will assist the industry to obtain cheaper gas which is a good thing for Victoria. It is the process I am calling into account.

Motion agreed to.

Read second time.

Committed.

Committee

Clauses 1 and 2 agreed to.

Clause 3

Hon. PHILIP DAVIS (Gippsland) — I seek the government's clarification on clause 3 of the bill. As was pointed out by Mr Stoney during the second-reading debate, the bill was introduced to the opposition only last Thursday. Since then the opposition has made an intense effort to come to terms with a very limited proposal in an abridged time.

Section 6B of the principal act does not create a customer who is contestable as such; it merely provides a definition of non-franchised customers. The bill purports to correct an anomaly in the dates of the legislation referred to in the first sentence of the minister's second-reading speech which states:

> The principal purpose of this bill is to amend the Gas Industry Act 1994 to overcome the inconsistency between the announced timetable for retail gas competition and that which is currently enabled in legislation.

Clause 3 is a limited clause which, on my understanding, seeks only to widen the definition in section 6B of the principal act.

Will the minister give the opposition an explanation? Given the government's claim that the bill addresses the anomaly, what mechanism was used for the first tranche — that is, from 1 October — to facilitate the entry into the contestable market of 35 customers whose consumption of gas was greater than 500 000 gigajoules?

Hon. M. M. GOULD (Minister for Industrial Relations) — I seek leave to sit at the table.

The CHAIRMAN — Leave is granted.

Hon. C. C. BROAD (Minister for Energy and Resources) — I am advised that the device that was used for the first tranche of customers when the previous Treasurer, Mr Stockdale, announced the variation to the timetable set out in the legislation — without moving to amend the legislation — was a provision under the retail gas licence, which allowed the dates to be set in the gazette notice that dealt with the first tranche.

For various technical reasons, the device of using the licence is not available to rectify the problem relating to the second tranche. It does not arise in relation to the third or fourth tranche, so it is only an issue in relation to the second. For that reason it is necessary. I am advised that it was the intention of the previous government to move in the same way the bill does to amend the 1994 act to provide for those dates.

Hon. PHILIP DAVIS (Gippsland) — As I understand the minister's response, it would not be possible to proceed with the second tranche because it is in conflict with the intent of the clause, which seems to widen the definition in section 6B to facilitate the inclusion of an additional group of customers within the definition of those who would be taken up in the second tranche. I am seeking clarification on whether it is possible for the second tranche to proceed without the amendment or, to satisfy the broadest definition of the customer group, the amendment is required?

Hon. C. C. BROAD (Minister for Energy and Resources) — I am advised that it is possible to proceed to the second tranche. The difficulty that arises is that there is a subgroup that will miss out. Through the amendment the government is seeking to keep faith with an undertaking the previous Treasurer gave to that admittedly small group. Nevertheless, the undertaking was given, and without the amendment that small group would miss out, because the device that was used for the first tranche is not available to solve the problem in relation to the second.

Hon. PHILIP DAVIS (Gippsland) — I do not understand the reference to the device that was used for the first tranche. I may be splitting hairs, but it is important to clarify it. How is it different, and why is that mechanism not available? I accept that we are widening the scope and definition of section 6B to include a group of customers who potentially would not otherwise be included in the second tranche, and as a matter of principle I am all in support of it.

I wish to ensure that the legislative arrangement sought to be made is appropriate, given the statement by the minister in her introduction of the bill that it is required to enable the second tranche to proceed. It was evident in her second-reading debate contribution that the Honourable Elaine Carbines was trying to make the point that a significant anomaly was being corrected. The bill appears to address a widening of a definition to include another group of customers.

Hon. C. C. BROAD (Minister for Energy and Resources) — In further response, it is clear from an examination of the dates specified in the act that as a result of the delays in the privatisation process set out in the then Treasurer's press statement the contestability dates for customers who use the specified amounts of gas are now clearly out of kilter. I do not have a copy of the gazettal notice used in connection with the first tranche but, as I understand it, the way it overlaps with the dates specified in the bill means that the group of customers referred to will miss out because of the dates being cut off on 1 September 1999 rather than 1 March.

I would have to seek advice about exactly how those dates interact and about the gazettal notice. I am happy to do that if the opposition wishes to pursue the matter to that extent.

Hon. C. A. STRONG (Higinbotham) — I would like to pursue that issue but from a different direction. The minister has adequately explained what the bill tries to do in aligning the timetable announced with the act. The opposition applauds that. However, the minister said that the bill was not really necessary to allow the second tranche to come into operation; that it could have been done by announcement.

The bill allows entry for a small group of people in the six-month period who would not have been able to get in previously. I recall that the minister said a small group would miss out if this bill were not enacted. There is a six-month period between September and March, but with the first tranche there is something like a 13-month period. Therefore, if it is necessary to amend the dates for the second tranche to ensure the six-month group of people does not miss out, why is it not necessary to amend the 13-month period to ensure that some of the first tranche people do not miss out? Will the minister assure the committee that nobody in that first tranche has missed out and therefore will have some potential action launched against them?

Hon. C. C. BROAD (Minister for Energy and Resources) — I am advised that I am able to give that assurance.

Hon. PHILIP DAVIS (Gippsland) — With that assurance from the minister, the opposition is satisfied that the clause addresses the issues it was seeking to clarify.

Clause agreed to; clause 4 agreed to.

Reported to house without amendment.

Remaining stages

Passed remaining stages.

ADJOURNMENT

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

That the house do now adjourn.

Retail Tenancies Reform Act

Hon. C. A. FURLETTI (Templestowe) — The matter I direct to the attention of the Minister for Small Business concerns an answer given by her to my query during the adjournment debate on 4 November and in answer to the Honourable Cameron Boardman on 24 November concerning the minority government's retail tenancy policy.

The minister not only revealed her lack of knowledge, but in giving ambiguous and uninformed responses she has caused concern and uncertainty among small business operators and small investors in Victoria.

I refer specifically to the minister's misunderstanding of the meaning of the words 'retail' and 'commercial', and the difference between them. The definition of 'commercial' contained in the eighth edition of the *Australian Concise Oxford Dictionary* is:

> of, engaged in, or concerned with, commerce

In turn, 'commerce' is defined as:

> the buying and selling of merchandise, on a large scale.

I should have thought that does not necessarily fall within the minister's portfolio. 'Retail' is defined as:

> the sale of goods in relatively small quantities to the public, and usually not for resale.

That should come within the minister's portfolio.

On 24 November the minister unequivocally told the house that the Retail Tenancies Reform Act applied to commercial premises as well as to retail premises. In her undated written response to my specific query raised during the adjournment debate the minister replied on the government's definitions of 'retail' and 'commercial', stating:

> … and the government's review will, in part, consider the provision of reasonable security to commercial and retail tenants.

My perusal of the Retail Tenancies Reform Act does not disclose any provision that defines or even refers to commercial premises, as the minister asserted in her response.

Will the Minister for Small Business confirm to the house that all commercial premises are to be redefined as retail premises for the purposes of the Retail Tenancies Reform Act?

Member for Chelsea Province: discrimination

Hon. M. T. LUCKINS (Waverley) — I raise for the attention of the Minister for Industrial Relations an issue relating to an honourable member for Chelsea Province, the Honourable Bob Smith, who was found by the Victorian Civil and Administrative Tribunal to have deliberately discriminated against a female employee on the basis of gender. What steps will the minister take to ensure that all female employees in Victoria have equal pay for equal work?

Lorne community hospital

Hon. R. M. HALLAM (Western) — I raise for the attention of the Minister for Industrial Relations, representing the Minister for Health in another place, the establishment of a community hospital at Lorne. It is a matter of record that the current budget the Labor government inherited includes a capital allocation of $6 million to build a new hospital, presuming that an appropriate alternative site can be located. As you well know, Mr President, the existing site is very steep, which is not an uncommon feature in Lorne, and all the key players are resigned to the need to find a new site. I, among others, know only too well that the sites that meet the gradient specifications have prompted some passionate local interest.

In the early discussions one property has stood out as having at least some potential, and that is the estate of Erskine House, an historic and beautiful site owned by the government. That is a good start, but it is leased to a private company that operates the site as a reception centre. Although the lessee is keen to develop the site,

which would also protect the heritage buildings on the site, the developer requires some security of tenure that goes beyond the remaining part of the lease period, which is almost 14 years.

Unfortunately the original development plans were quite dramatic and went beyond the tolerance of the local community. That is putting a kind complexion on the matter. However, I believe it would be possible to have a win–win outcome or compromise for both the developer and the local community. It would involve a much more modest redevelopment of the Erskine House site and would preserve the existing heritage buildings. A separate community hospital and retirement village would be incorporated. The plans could include a common kitchen, and the proposal has the advantage of common administrative services.

I had hoped to follow up the issue as Minister for Finance, but obviously an election got in the way and I now have much less influence than I would prefer. I ask the minister to raise the issue with her colleague. It is a good cause. The expenditure of the $6 million is warranted, and a new hospital is certainly required.

The first thing I need to do is to try to protect the funding allocation. I acknowledge that using Erskine House as a site is a bit courageous, and as a local member I know what that means. However, I believe there is a chance for genuine compromise, and I commend the matter to the minister.

Melbourne–Geelong road: upgrade

Hon. E. C. CARBINES (Geelong) — I raise a matter for the attention of the Minister for Energy and Resources representing the Minister for Transport in another place. This morning as I was travelling to Melbourne along the Princes Highway, along with hundreds of other Geelong residents, I came across the scene of a dramatic and shocking accident that had taken place several minutes before I got there. Three people were killed — a mother and her two young children. Their Geelong-bound car had crossed the plantation in the middle of the highway and hit a Melbourne-bound truck. The accident and its tragic consequences brought home to me very personally the ever-present danger the Princes Highway presents to residents of Geelong and Melbourne and all motorists using it.

The Geelong and Werribee communities have campaigned long and hard to have the Princes Highway upgraded. Earlier this year a Geelong man placed 85 white wooden crosses on the highway just outside Lara as a stark reminder to everyone who uses what is known as the Geelong road of the danger and to put pressure on all levels of government to upgrade the road. Funding commitments have been made by the federal government, the former Kennett government and now the Bracks Labor government, of which I am a member. I ask the minister to advise the house of the timetable for this much-needed upgrade between Geelong and Melbourne.

International Fibre Centre

Hon. PHILIP DAVIS (Gippsland) — I refer the Minister assisting the Minister for State and Regional Development to a matter concerning the International Fibre Centre. The IFC was established in 1998 following extensive consultation with and representations from the textile industry. The IFC provides integrated process-capable facilities in association with the campuses of Deakin University and the Royal Melbourne Institute of Technology, with the wool facilities located at Geelong and the cotton facilities at Brunswick. The purpose of the IFC is to provide the equipment infrastructure to support education training and product development. The textile and fibre industry strongly supports the initiative, as did the then opposition leader in 1998.

Recent comments by the Minister for State and Regional Development have led to media speculation about the government's commitment to this significant initiative and therefore uncertainty as to the future of the IFC. As the IFC is still in its establishment phase, this has created alarm among stakeholders, particularly in the textile industry, and among staff. Given that there has been extensive recruitment of some of the most competent people in the textile industry in Australia and internationally, it is most regrettable that this consternation has arisen. Will the minister assure the house that the government will maintain the commitment to the Victorian textile industry?

Scoresby freeway

Hon. ANDREW BRIDESON (Waverley) — I raise an issue with the Minister for Energy and Resources, representing the Minister for Transport in another place. The City of Monash fully supports the development of the Scoresby freeway from Ringwood to Frankston. I place on record the work of Cr Matthew Evans, who is an active member of the eastern ring-road steering committee and an extremely strong advocate for the ring-road.

Given that the Bracks minority government has shelved plans for the Scoresby freeway, what proposals does the government have to address current traffic congestion

on the north–south roads — namely, Springvale, Blackburn and Stephensons roads? They are extremely busy roads that run through the city of Monash, and the congestion really impacts on the people who use the roads. The traffic also affects the quality of life of people in surrounding areas.

What will the government do to address the congestion, and will it reopen the debate on the controversial and hideously expensive extension of the Glen Waverley railway line across Springvale Road to the east?

Port Phillip Bay: fishing rights

Hon. P. A. KATSAMBANIS (Monash) — I again raise with the Minister for Ports the issue of recreational fishing rights in Port Phillip Bay. I note the minister's obfuscation during question time, when she failed to give a commitment to maintain the existing rights available to recreational fishermen in Port Phillip Bay. The minister suggested that the government is not currently examining any proposals, but that sort of answer is simply an attempt to avoid proper scrutiny and to hide the minority government's true agenda.

Given that during the recent state election the Labor Party's policy was strangely silent on the issue of recreational fishing, thousands of recreational anglers in Victoria demand to know where the government stands on the important issue of recreational fishing rights in Port Phillip Bay.

The minister has had time to settle in and reflect on the issue. I call on her to give a guarantee to the house that during its term the Bracks minority government will not reduce, restrict, erode or otherwise limit existing recreational fishing rights in Port Phillip Bay for the hundreds of thousands of amateur anglers.

Calder Highway: duplication

Hon. R. A. BEST (North Western) — I raise a matter with the Minister for Energy and Resources, representing the Minister for Transport in another place. Some years ago the then Minister for Roads and Ports, the Honourable Bill Baxter, released a Calder Highway strategy, which committed the government to completing the duplication of the Calder Highway by 2005. The former Minister for Roads and Ports, the Honourable Geoff Craige, met that commitment. He approached the federal government and was able to convince representatives that the Calder Highway is a road of national importance.

The proposed Harcourt bypass near Bendigo, which is a major regional centre, has been a contentious issue. A number of options have been placed before Vicroads on the most appropriate route and proposals have been under consideration for almost 12 months.

I am concerned that on 3 November in the Bendigo *Advertiser* the honourable member for Gisborne, Joanne Duncan, MLA, is reported as making the following comment:

> The state government will reopen all potential routes for the $200 million Calder Highway Harcourt bypass.
>
> The new government's review of the bypass selection process will include revisiting routes dumped by Vicroads more than 12 months ago.
>
> And the government has not ruled out employing engineers to redesign an entirely new route for the highway.

The people of Bendigo have been patient in waiting for the duplication of the Calder Highway to Bendigo. I ask the minister: what is the revised time frame for the completion of the duplication of the Calder Highway through to Bendigo? What is the estimated time it will take to have all those options revisited?

Princes Highway: Pakenham bypass

Hon. N. B. LUCAS (Eumemmerring) — I raise a matter with the Minister for Energy and Resources, representing the Minister for Transport in another place. The Pakenham bypass, a transport link, is proposed to run between the south of Beaconsfield and Officer, south of Pakenham and back to the Princes Highway east of Pakenham.

The road has been much needed for many years but has not had a high priority, which has probably been a fair situation to date. However, the need for that road is becoming a higher priority as the population of Pakenham increases to around 30 000 and the townships of Officer and Beaconsfield continue to grow.

In the past few weeks I have written to the Minister for Transport about the need for an egress from the freeway at Beaconsfield. As Pakenham continues to expand and the need for employment grows as the area becomes more urbanised, so the need increases for a better transport link to take through traffic out of the Pakenham township and surrounding area.

Accordingly, I ask the minister to ask the Minister for Transport to advise the house of the government's plans to construct the Pakenham bypass and the proposed timing for construction of that much-needed road transport link.

Gippsland: disaster relief

Hon. K. M. SMITH (South Eastern) — I raise a matter with the Minister for Energy and Resources, representing the Minister for Agriculture in another place. The minister would be aware that East Gippsland and south-west Gippsland have suffered devastating natural disasters in the past few years. The Honourable Philip Davis ensured that a large amount of Kennett government money was directed to assisting farmers in that area. We are grateful they supported us in the last election.

Federal exceptional circumstances funding assisted in surviving the green drought. That sort of drought is a problem because people do not understand the problem. The hills still looked green but the grass was one-eighth of an inch long, and there was no feed for cattle or sheep.

I am of the opinion that the area is heading for another such drought. East Gippsland is already suffering. South-west Gippsland is dry to extremely dry. A fair amount of silage has been cut and farmers have started to open silages sourced from this year's crops. The hay will not be as good as it might have been because of a lack of rain and the current hot conditions.

I ask the minister to give an assurance to the people of East Gippsland and south-west Gippsland that the government will be prepared to assist farmers hit by devastating natural disasters within the next 12 months.

Safety houses: Croydon

Hon. W. I. SMITH (Silvan) — I raise with the Minister for Sport and Recreation, representing the Minister for Police and Emergency Services in another place, safety houses for schoolchildren. From January a group of parents will be closing down safety houses throughout the Croydon area. They are asking people to close them down because police are asking for identification from the occupants of each house that puts up a safety house sign — namely, a statutory declaration plus a photocopy of a driver licence or a passport. It is obvious that safety houses are just that — houses where children can go for safety on the way home from school if a problem arises.

The organisers of the 120 houses in the network are acting on a voluntary basis and are all working. They do not have the time to go back to the existing network and collect identification details, so they are closing it down. I understand it is very important that we know the safety houses that children are going to are safe, but it is of great concern that community members are starting to look seriously at closing down networks set up for our schoolchildren because of the administration burden.

I raise the matter with the police minister. I understand a delicate balance exists between ensuring the children's safety and setting up a feasible network. I ask the minister to consider whether some way can be found of overcoming the problem raised by community members.

Petrol prices

Hon. E. G. STONEY (Central Highlands) — Some time ago the Minister for Consumers Affairs urged motorists to dob in petrol stations and companies that seemed to be charging high fuel prices. The minister showed a keen interest in hearing from consumers who had a gripe. She set up what she called gripe lines for people to ring. Given the minister's keen interest in the issue and ongoing monitoring of the problem, I ask how many people have rung in to dob in a petrol company since she made her announcement.

Camelot Rise Primary School

Hon. B. N. ATKINSON (Koonung) — I direct the attention of the Minister for Sport and Recreation, representing the Minister for Education in another place, to some difficulties the Camelot Rise Primary School has had with its maintenance program. That old-style school has a roof configuration that is no longer used by the Department of Education, and concerns have been raised about it leaking.

The school has had an audit undertaken which suggests the maintenance cost will be approximately $300 000. The school council and staff are concerned about occupational health and safety issues, particularly where computers are located, because during a heavy downpour the rain gets into the classroom areas. Members would be aware that if one does not address the problem of rainwater much greater maintenance problems can occur in the future.

I am aware that the previous government did not authorise funding for the school because it had been dealing with other issues over the past two years, but those issues are no longer relevant and the maintenance position is difficult and should be addressed at an early stage.

Electricity: safety compliance certificates

Hon. P. R. HALL (Gippsland) — I direct the attention of the Minister for Energy and Resources who represents the Treasurer in another place to electrical

safety compliance certificates, in particular the anomaly between work undertaken by holders of S-grade and R-grade electrical licences and that undertaken by fully qualified electricians now classified as E-grade licence-holders.

S-grade and R-grade licence-holders are typically refrigeration mechanics, plumbers and maintenance workers who are legally allowed to carry out a limited range of electrical work, such as replacing fuses in electrical machinery. Holders of those licences do not have to supply a compliance certificate for the completion of that type of work. However, if the same work is undertaken by a fully qualified electrician — that is, an E-grade licence-holder — a $5 compliance certificate is required to be submitted.

That is where the anomaly exists. Electrical contractors are invariably carrying the cost of issuing compliance certificates, which is considerable. Typically at the end of the month they add up how many jobs they have done and calculate how much they must submit to the Office of the Chief Electrical Inspector. That raises another issue about whether compliance certificates could be submitted monthly rather than daily.

It is a matter of achieving consistent policy about electrical safety inspections. Where S-grade and R-grade licence-holders are not required to submit compliance certificates, neither should E-grade licence-holders be required to do so. I ask the Treasurer to look into the matter.

Walwa Bush Nursing Hospital

Hon. W. R. BAXTER (North Eastern) — I direct to the attention of the Minister for Industrial Relations for referral to the Minister for Health in another place that at this moment a large public meeting is under way at Walwa to discuss ways and means of saving the local Walwa Bush Nursing Hospital from insolvency. One of the matters being discussed is innovative ways of raising funds for the hospital over and above the ambitious projects that have already been undertaken by the community. One of those will include encouraging people to take out private health insurance, but obviously because of the financial stress being experienced by many people, that is not the entire answer.

The proposal to enable the Walwa hospital to provide accident and emergency services at a cost of $170 000 is a solution and would require only a modest contribution from the government to keep the hospital open. I urge the minister to make a quick decision. The weekend newspapers reported that the Minister for Health in his capacity as Minister for Planning made a grant of $300 000 to restore a derelict locomotive shed in my electorate. As welcome as that grant is, the people of Walwa have some difficulty in understanding where the priorities lie if they cannot have $170 000 to keep the hospital open, yet the government can find $300 000 to restore a derelict shed.

I invite the minister to encourage her colleague to make a speedy decision on this matter so that the Walwa hospital can continue and so that the extreme stress the community is currently under is rapidly relieved.

Mallee: exceptional circumstances relief

Hon. B. W. BISHOP (North Western) — I direct a matter to the attention of the Minister for Energy and Resources representing the Minister for Agriculture in another place. I can report that the harvest in the Mallee region is fast reaching its close. Although yields have been generally good throughout the area, some areas have had their third or fourth bad season in a row. One of the better examples is in the Ouyen and Manangatang area.

The house would be well aware that last year the Rural Adjustment Scheme Advisory Council, better known to most of us as RASAC, declared that exceptional circumstances applied through parts of the Mallee. However, the areas around Manangatang and Ouyen were missed out in the application. It is very important that farmers have access to the exceptional circumstances program because it entitles them to relief payments, interest rate subsidies, Austudy and other assistance programs. The program was introduced through the good work of both state and federal governments and, in particular, of a committee of local farmers chaired by Ian Hastings. Financial advice was provided also by Jeff Storer and staff of the Department of Natural Resources and Environment, and that was of great assistance.

The Minister for Agriculture visited Mildura on 28 October. The committee met with him and made him aware that some areas such as Ouyen and Manangatang had missed out on being included in the exceptional circumstances program. An article in the local press dated 28 October states:

> Mr Hamilton described the final Mallee exceptional circumstances decision as an outrageous result.

The minister also agreed to raise the issue again for those who missed out last time. I suspect he was going to invite RASAC down for another look at the areas.

The harvest is almost over. It is clear the areas have suffered three or four bad seasons in a row. Can the minister advise the house what action he has taken and what results are available from that action?

Schools: sport funding

Hon. B. C. BOARDMAN (Chelsea) — I refer the Minister for Sport and Recreation to his announcements both in question time today and in particular last Wednesday regarding schools near the National Water Sports Centre in Carrum being able to participate in rowing as a result of a government initiative, and his announcement today regarding the young women's breakfast for the promotion of young women's sports.

I bring to the minister's attention, firstly, the fact that the National Water Sports Centre is in Carrum in my electorate of Chelsea Province. I look forward to the minister providing me with a list of all participating schools.

Hon. J. M. Madden interjected.

An Opposition Member — He wants to know which schools they are.

Hon. B. C. BOARDMAN — Don't worry about it; you will read it in *Hansard*. I want the minister to be aware that for the proposals to come to fruition such announcements require appropriations from the Department of State and Regional Development and, as the minister so far has given no indication of the amounts, sources and levels of the appropriations for the programs I ask him to make that information public. I also ask him to provide evidence that the appropriations were included in the costings that were analysed by Access Economics as part of the Labor government's election strategy.

Waverley Park

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — I raise for the attention of the Minister for Sport and Recreation the matter of Waverley Park, which honourable members would be aware is an important matter within the Eumemmerring Province. On 10 November during debate on a motion moved by Mr Hall this house called on the minister to explain the government's policy and to account for its actions on the Waverley Park issue.

This morning I read the minister's contribution to the debate, but I must confess I am none the wiser. The government's policy on Waverley Park states that Labor will begin negotiations with the Australian Football League and other parties involved and pursue every option to keep the park in operation for the benefit of the community. The key words there are 'pursue every option to keep Waverley Park open'. 'Every option' surely includes options that will involve some expense to the government. Some may even involve considerable expense to the government.

I seek from the minister a clarification of the government's policy. Will the minister explain to the house why Labor's much-touted financial statement, signed off by Access Economics, makes no allowance for pursuing any options for Waverley Park? Is it the case that the minority Labor government never had any intention of acting on Waverley Park, or is Labor's financial statement a sham?

Housing: Port Melbourne estate

Hon. ANDREA COOTE (Monash) — I raise with the Minister for Small Business representing the Minister for Housing in another place a statement in the Port Phillip *Leader* of 29 November that the state government plans to redevelop the 63 flats at the Ingles Street estate in Port Melbourne.

The residents of the flats have been assured that the Bracks minority government will update and redevelop the site as well as relocating the residents. Will the minister please clarify the exact cost of the redevelopment and the relocation of the tenants and advise when it will be completed?

Geelong: water sports complex

Hon. I. J. COVER (Geelong) — I refer the Minister for Sport and Recreation to his comments at question time last week to which my colleague the Honourable Cameron Boardman referred in his item on rowing.

Honourable members will recall that last week the minister talked about his support for rowing in secondary schools. On the one hand the minister and the minority Labor government support rowing, while on the other hand they reject the proposal for the establishment of an international water sports complex in Geelong.

The decision not to proceed with the complex in Geelong will result in $9.4 million committed by the previous government for capital works being ripped out of the Geelong community. The proposed international water sports complex in Geelong in the electorate I represent is a wonderful — —

Honourable members interjecting.

Hon. I. J. COVER — I am surprised by the interjections. In any document referring to the upper house I am listed as one of the members for Geelong Province. If I tell the house I represent Geelong, I cannot be telling an untruth! I cannot believe the mocking from the government. May I say, through you, Mr President, that this is a serious issue. It is all very well for the minister to sit back grinning.

Honourable members interjecting.

Hon. I. J. COVER — I am sorry, Mr President. The minister was substantially grinning. I am laughing, too.

The international water sports complex is a wonderful proposal which would provide a marvellous venue for rowing and other water sports such as canoeing, kayaking, dragon boat racing, and sailboarding — I could go on — all excellent sporting facilities for secondary school students, which the minister talked about last week.

Just think of the possibilities. If the minister's rowing initiative takes off it could be expanded to include the other water activities I mentioned.

The PRESIDENT — Order! Will the honourable member get to his question?

Hon. I. J. COVER — If government members had stopped interrupting, I would have been finished by now. In that light I refer to a letter dated 22 November from the Premier to Ken Jarvis, mayor of the City of Greater Geelong, which states:

> … the government does not support this project —

the international water sports complex for Geelong —

> as proposed at the Belmont Common. Funding will therefore not be provided for the current proposal.
>
> In addition, I am not convinced that a thorough investigation of all possible sites, both in Geelong and elsewhere in Victoria, has been carried out. I have therefore requested —

the minister may not know this —

> that the Minister for Sport and Recreation review the options for international rowing venues in Victoria.

I ask the minister whether that review would include advice on how the current proposal might be adjusted to qualify as an international rowing venue.

Member for Chelsea Province: electoral enrolment

Hon. T. C. THEOPHANOUS (Jika Jika) — I ask the Minister for Small Business representing the Attorney-General to clarify whether members have a right to vote in a province they represent when they live outside that province. As I understand it, that may be the case with federal members. I understand that in the voting in Chelsea Province the Honourable Cameron Boardman may have voted in the marginal seat of — —

Hon. B. C. Boardman — On a point of order, Mr President, I ask the honourable member, in line with standing orders, to withdraw any reference to me regarding that issue.

Hon. T. C. THEOPHANOUS — On the point of order, Mr President, it is appropriate to raise a matter such as I am raising as a point of principle and it is appropriate to refer to issues of fact. I have done nothing more than refer to the Honourable Cameron Boardman. Beyond that I have not made any further comment at this stage. I have certainly not made any comment that could be construed as objectionable at this point, and I do not understand why there would be any point of order. We talk about each other all the time.

Hon. M. A. Birrell — On the point of order, Mr President, it is the long-established practice of this house that if someone wishes to make an accusation against another member that person has to do so by formal substantive motion. It cannot be done in a question or in the adjournment debate; no method other than a substantive motion can be used to mention a member of either this house or the other house.

It is quite clear from the tactics being used by Mr Theophanous that he intends to defame a member of this house without following standing orders. The trick he often uses and for which he has been called to account by the house before, not just by other members, is to mention a member's name in the context of a defamatory statement and then be forced to withdraw it afterwards.

The action taken by Mr Boardman to protect his name in concurrence with the rules of this place is proper. Mr Theophanous should not be free to wantonly breach the rules and make defamatory comments about a member of the house unless he wishes to move a motion. He would be within his rights in moving a motion, but not in making a sly comment.

The PRESIDENT — Order! In the matter raised there has been no accusation so far. There was a statement that included a reference to Mr Boardman. As was stated by the Leader of the Opposition, if there is any form of attack on a member or his or her integrity

it must be by way of substantive motion. I will not allow such a thing to be done by the back door. I have heard no such attack so far. I wondered whether the matter was leading to a request for a legal opinion, but I have not heard that either. I will allow the matter to proceed quietly at this moment. I do not uphold the point of order.

Hon. T. C. THEOPHANOUS — It has been reported that the Honourable Cameron Boardman may have voted in the marginal seat of Carrum — —

Hon. C. A. Furletti — On a point of order, Mr President, it is obvious the honourable member is going to refer to things that have been reported in the media in the past. Perhaps to assure the house that this is not going to be a slur on Mr Boardman's character, we could ask for an undertaking that it is not a defamatory slur.

The PRESIDENT — Order! Mr Theophanous said 'that the Honourable Cameron Boardman may have voted in the marginal seat of Carrum' and Mr Furletti subsequently raised a point of order. I cannot rule on the matter at this stage. However, the principle we are talking about is clear. Mr Theophanous knows that I will be most displeased if he breaches the standard practice of the house.

Hon. T. C. THEOPHANOUS — The reason I said that Mr Boardman may have voted is that he is quoted in the *Independent* as saying that he cannot remember where he voted.

Will the minister inquire of the Attorney-General whether any power exists for members to vote in their electorate if they live outside it? If there is no power, will he establish whether any members may have voted wrongfully in an electorate or province where they were not residents?

The PRESIDENT — Order! The question is requesting an interpretation of a law, and that is a legal opinion. I do not uphold it as a question.

Unions: membership

Hon. M. A. BIRRELL (East Yarra) — I refer the Minister for Industrial Relations to a matter I raised with her this morning. The context of her speech on Wednesday, 1 December, in particular the matter discussed at page 7 of the current *Hansard*, which of course I will not quote, was along the lines of advising the house and the public that workers can come under federal awards only if they are members of trade unions. I have shown the *Hansard* report to a range of industrial relations lawyers and they regard the comments as bizarre, untrue, factually incorrect and inexplicable, particularly given the source of the information.

The lawyers also looked at an earlier part of the speech, which said something along the lines that workers who are not members of unions cannot be respondents to federal awards. None of the people I consulted regards the minister's comments as bearing any relationship to the law or fact.

I invite the minister to look at the *Hansard* report and advise the house of any response she might have in the cool light of day. I acknowledge that the minister's comments were made in the context of a debate that sometimes involves rhetorical flourishes or raised voices. I seek her advice as to whether it is a fact that one can come under a federal award only if one is a trade union member; whether the law is that anyone can come under a federal award he or she is covered by and it is irrelevant whether that person is a trade union member or not; and whether her statements to the house were not just plain wrong but having come from the Minister for Industrial Relations deserve to be properly and quietly corrected.

Yarra Valley Hockey Club

Hon. BILL FORWOOD (Templestowe) — I ask the Minister for Sport and Recreation to revisit an issue I raised on 4 November. I point out that had I placed this question on notice, under standing order 71AA and the 30-day rule, as it is commonly known, I would have had a reply by now. I refer the minister to the issue of the Yarra Valley Hockey Club, which he then described as a matter of concern. The 400 active members of the club are waiting to learn whether they will have somewhere to play next year. I hope the minister has some capacity to make decisions at some time. I would appreciate his turning his mind to this issue.

Responses

Hon. M. M. GOULD (Minister for Industrial Relations) — The Honourable Maree Luckins asked what steps the government will take to ensure that all female employees receive equal pay for equal work. The Bracks government supports and will promote equal pay for work of equal value. I advise the honourable member that the government will do all in its power to encourage employers to bridge the gap that unfortunately exists between female and male wages.

The Honourable Roger Hallam referred the Minister for Health in another place to the Lorne Community

Hospital. He identified several issues, and I will pass those on to the minister.

The Honourable Bill Baxter referred the Minister for Health in another place to the Walwa hospital. I will pass that matter on to the minister, who will respond in the usual manner.

Following on from a question directed to me this afternoon, the Leader of the Opposition raised a matter and my response was that I would take it on notice and respond in due course. I seek your advice on that, Sir. I will respond to the Leader of the Opposition — —

Honourable members interjecting.

The PRESIDENT — Order! The minister spoke to me, and I understood she intended to write to the Leader of the Opposition.

Honourable members interjecting.

The PRESIDENT — Order! The minister referred to our conversation, which is why I refer to it.

Honourable members interjecting.

Hon. B. N. Atkinson — On a point of order, Mr President, on two occasions today the Leader of the Opposition sought to provide an opportunity for the Leader of the Government to inform the house on a matter. Writing a letter outside the house is not to the benefit of the house.

The minister made a statement in this place which the Leader of the Opposition has clearly demonstrated was incorrect. Given that the minister is in charge of that area of legislation, she is culpable and the house deserves a response to the matter raised.

Honourable members interjecting.

The PRESIDENT — Order! The minister has nothing further to add at this stage.

Hon. C. C. BROAD (Minister for Energy and Resources) — The Honourable Elaine Carbines, the most recently elected member for Geelong Province in this house, raised for the attention of the Minister for Transport the tragic accident on the Princes Highway this morning resulting in three deaths.

The honourable member requested that I specifically raise the matter of the upgrading of the highway between Melbourne and Geelong. I will certainly do that, and the minister will respond in the appropriate way.

The Honourable Philip Davis sought an assurance from me in my capacity as the Minister assisting the Minister for State and Regional Development in another place on the commitment by the former Kennett government to the development of the International Fibre Centre. He pointed out the support from the fibre industry for that commitment. I will refer that matter to the minister.

The Honourable Andrew Brideson raised several matters for the attention of the Minister for Transport in another place. They included north–south pressures in Springvale, Blackburn and Stephensons roads. He also referred to the extension of the Glen Waverley railway line and other matters that I will refer to the minister, who will respond to the honourable member.

The Honourable Peter Katsambanis referred to recreational fishing rights, which was a repetition of a question asked during question time today. The honourable member sought an assurance that the government will not seek to restrict those rights in any way. My response, as one would expect, is the same as it was earlier today: I have no such proposal before me.

Honourable members interjecting.

The PRESIDENT — Order! I ask honourable members to settle down. The minister must respond to several matters raised.

Hon. C. C. BROAD — The Honourable Ron Best referred the Minister for Transport in another place to the Calder Highway. His question related specifically to the estimated timetable, including revisiting options. I will refer that matter to the minister.

The sixth matter was raised by the Honourable Neil Lucas, also for the attention of the Minister for Transport, whom I represent in this house. It related to the Pakenham bypass and the Beaconsfield link, about which the honourable member has written to the minister. I will refer that matter to the Minister for Transport.

The seventh matter, which was raised by the Honourable Ken Smith for the attention of the Minister for Agriculture, concerned the drought and a shortage of hay. He sought an assurance about assistance for the people of Gippsland who are affected by that situation. I will certainly refer that matter to the Minister for Agriculture.

The next matter was raised by the Honourable Peter Hall for the attention of the Treasurer. It concerned different grades of electrical licences, in particular the compliance certificates issued by contractors and the burden placed on them as a result. He asked the

Treasurer to consider reviewing the arrangements that the government has inherited from the previous government. I will refer that matter to the Treasurer.

The final matter was raised by the Honourable Barry Bishop, also for the attention of the Minister for Agriculture. He asked what action the government will take to support communities in the Mallee affected by recent poor harvests. I will refer that matter to the Minister for Agriculture.

Hon. M. R. THOMSON (Minister for Small Business) — The Honourable Carlo Furletti raised a matter concerning the definitions of 'commercial' and 'retail' in the Retail Tenancies Reform Act and asked whether all commercial premises are to be redefined as retail. The answer is no. In using the word 'commercial' I was referring to the fact that some parts of the act cover areas that people may not necessarily consider to be retail, be they accountancies or in some instances even childcare centres.

Honourable members interjecting.

Hon. M. R. THOMSON — That is right, in the act they are called retail services. I accept that, but I also accept that people outside this place who have not read the act may have another definition and may refer to them as commercial operations.

The Honourable Graeme Stoney referred to petrol prices. I have not conducted a campaign on petrol prices. I have said there are concerns among consumers about petrol prices around holiday periods; but we have not made a decision to run such a campaign.

The Honourable Andrea Coote raised for the attention of the Minister for Housing in another place the upgrading and redevelopment of 63 flats in the Ingles Street estate and a commitment to relocate all the residents during that time. The honourable member asked what the cost would be for the redevelopment and relocation, and when it might occur. I will refer that to the Minister for Housing.

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I will refer the matter raised by the Honourable Wendy Smith about the criteria for establishing safe houses for schoolchildren in the Croydon area to the Minister for Police and Emergency Services in the other place.

I will refer the matter raised by the Honourable Bruce Atkinson about problems with the roof of the Camelot Rise Primary School to the Minister for Education in the other place.

The Honourable Cameron Boardman raised a matter about schools near the National Water Sports Centre. I do not have figures in front of me in relation to support from the department through those programs. I will clarify that with the department and provide the information to the honourable member.

In relation to the matter raised by the Honourable Gordon Rich-Phillips about Waverley Park, I reiterate that we are still engaged in negotiations with the Australian Football League. The outcome will be the best solution for the community.

In response to the matter raised by the Honourable Ian Cover about the development of a Geelong international water sports complex, I confirm that the Premier has written to the mayor of the City of Greater Geelong. I also confirm that the government is not convinced that a thorough investigation of all possible sites in Geelong and elsewhere in Victoria has been carried out.

Sport and Recreation Victoria will undertake a review throughout Victoria of the options for an international rowing and canoeing venue. In reviewing those options a comparative analysis of the Geelong development and the upgrading of other facilities — for example, at Carrum, Ballarat and Nagambie — or even a new site will be considered.

The Honourable Bill Forwood raised a matter about the Yarra Valley Hockey Club. It involves a number of issues and a chain of events, if the house would like me to explain them.

Hon. Bill Forwood — I know what's going on.

Hon. J. M. MADDEN — The multipurpose venue being built by the Melbourne and Olympic Parks Trust will include a training velodrome. The sequence of events about the Yarra Valley Hockey Club is that the significant delays and additional costs involved in the building of the multipurpose facility have led to a delay in the establishment of the training velodrome.

I expect that the Yarra Valley Hockey Club will have no problem with playing at and maintaining its facility into next season. I apologise that the honourable member has obviously not received that information, as I directed the department to pass it on to him. I will ensure he receives the information in due course.

Debate interrupted.

DISTINGUISHED VISITOR

The PRESIDENT — Order! I welcome a former Premier of Victoria, the Honourable Joan Kirner, who is in the public gallery, back to the Legislative Council.

ADJOURNMENT

Debate resumed.

Motion agreed to.

House adjourned 10.34 p.m.