PARLIAMENT OF VICTORIA

PARLIAMENTARY DEBATES (HANSARD)

LEGISLATIVE COUNCIL

FIFTY-FOURTH PARLIAMENT

FIRST SESSION

14 December 1999

(extract from Book 6)

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By authority of the Victorian Government Printer

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The Lieutenant-Governor

Professor ADRIENNE E. CLARKE, AO

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Road Safety Committee — (*Council*): The Honourables Andrew Brideson and E. C. Carbines. (*Assembly*): Mr Kilgour, Mr Langdon, Mr Plowman, Mr Spry and Mr Trezise.

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Hansard — Chief Reporter: Ms C. J. Williams

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FIFTY-FOURTH PARLIAMENT — FIRST SESSION

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The Hon. P. R. HALL

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TUESDAY, 14 DECEMBER 1999

Tuesday, 14 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:

Audit (Amendment) Act
Federal Courts (State Jurisdiction) Act
Parliamentary Committees (Amendment) Act

PUBLIC PROSECUTIONS (AMENDMENT) BILL

Introduction and first reading

Received from Assembly.

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

MELBOURNE SPORTS AND AQUATIC CENTRE (AMENDMENT) BILL

Introduction and first reading

Received from Assembly.

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

REGIONAL INFRASTRUCTURE DEVELOPMENT FUND BILL

Council's amendments

Returned from Assembly with message disagreeing with Council amendments.

Ordered to be considered later this day.

QUESTIONS WITHOUT NOTICE

Retail industry: trading hours

Hon. BILL FORWOOD (Templestowe) — On 8 December the Minister for Small Business advised the house that she had recently met with the Australian Retailers Association and reassured it that the government would not reinvent the shop trading hours legislation. Will the minister confirm that the current 24-hour shop trading law is here to stay?

Hon. M. R. THOMSON (Minister for Small Business) — The government has made it clear that it has no intention of changing the shop trading hours currently applicable to retailers. I have expressed that view to the Australian Retailers Association, and it is aware of it.

Unions: regulation

Hon. JENNY MIKAKOS (Jika Jika) — Will the Minister for Industrial Relations inform the house of Victoria's response to the discussion paper of the federal Minister for Employment, Workplace Relations and Small Business entitled 'Accountability and Democratic Control of Registered Industrial Organisations'?

Hon. M. M. GOULD (Minister for Industrial Relations) — The Victorian government is concerned about the federal government's proposal to change the regulation of federally registered unions. That has particular significance for Victoria, where there is no industrial relations system and no state-registered unions. I am sending a letter to Minister Reith today, setting out the government's concerns about his proposal.

Hon. Bill Forwood interjected.

Hon. M. M. GOULD — I was asked a question about the minister's discussion paper, and I am responding to it.

Minister Reith's discussion paper about the regulation of unions is, like the second wave of industrial relations changes, which we opposed, just another attack on the legitimate rights of unions to represent working people. The Bracks government believes the federal Workplace Relations Act already provides a comprehensive code for the regulation of unions and their responsibilities. So there is no need for the commonwealth to rush into making significant changes to the regulation of unions, and the Victorian government's submission to Minister Reith will make these concerns very clear.

Retail industry: gaming impact

Hon. R. M. HALLAM (Western) — I refer the Minister for Small Business to the published Labor policy entitled 'Responsible Gaming', and more particularly the commitment in that policy document to address the impact of gambling on small business, and I ask: what is that impact and what action has she taken to address it?

Hon. M. R. THOMSON (Minister for Small Business) — A number of retailers in shopping centre

districts where gaming is available have complained that gaming is taking away from their custom. The Minister for Gaming intends to conduct a review of gaming about which he will make an announcement in due course.

World 500 cc Motocross Grand Prix

Hon. R. F. SMITH (Chelsea) — Will the Minister for Sport and Recreation advise the house how he intends to encourage major sporting events in country Victoria?

Honourable members interjecting.

The PRESIDENT — Order! The house usually allows an honourable member to ask a question without too much interruption. I ask Mr Smith to repeat the question. I certainly did not hear all of it.

Hon. R. F. SMITH — Will the Minister for Sport and Recreation advise the house how he intends to encourage major sporting events in country Victoria?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — With a relatively small injection of funds Motorcycling Victoria has upgraded the motocross circuit at the Broadford motorcycle complex — —

Honourable members interjecting.

The PRESIDENT — Order! I ask honourable members on my left to keep quiet while the minister is responding.

Hon. J. M. MADDEN — It has upgraded the facility in order to host the initial leg of the World 500 cc Motocross Grand Prix to be held on 18 and 19 March 2000. The event is likely to attract a crowd of between 10 000 and 15 000 spectators, and is a significant tourist event for the Shire of Mitchell. It will also attract teams and riders from around the world. It is a major boon for the Broadford circuit, and it has been held with the assistance of Tourism Victoria. This event will also be held in the years 2001 and 2002, and it is yet another example of Labor getting on with the job.

Honourable members interjecting.

ALP: fundraising dinner

Hon. W. I. SMITH (Silvan) — My question is to the Minister for Small Business, and I refer to Labor's small business policy in which it states that small businesses:

> … need the chance to compete on fair and equal terms. The Kennett government has stacked the odds heavily in favour of big business and its business mates at the cost of small business.

How does the government reconcile these statements with its $1000-a-head fundraising dinner last week in which it was surrounded by big business, with little or no representation from small businesses?

Hon. M. R. THOMSON (Minister for Small Business) — I am not in a position to be able to define how many were small businesses and how many were big businesses. It is the job of government — —

Honourable members interjecting.

The PRESIDENT — Order! The minister is entitled to be heard. I certainly cannot hear her response.

Hon. M. R. THOMSON — It is the government's policy on small business to enable businesses to operate in a fair environment.

Honourable members interjecting.

The PRESIDENT — Order! The opposition has itself to blame for not being able to hear!

Consumer credit

Hon. G. D. ROMANES (Melbourne) — Will the minister for Consumer Affairs inform the house of what the government is doing to warn consumers about the overuse of credit during the Christmas period?

Hon. M. R. THOMSON (Minister for Consumer Affairs) — According to a Reserve Bank report in November 1999, the total credit card debt owed to banks had jumped to $12.73 billion in September, up from $11.9 billion in June and $10 billion in September 1998.

The government is concerned that during the Christmas period many of the people who use their credit cards for purchases of Christmas presents will still be paying off those purchases this time next year. We are concerned that people be made aware of developing a budget for their Christmas purchases. The Office of Fair Trading is available to take inquiries on how people should establish those budgets. It will be encouraging consumers to pay by cash where possible. The interest rate charges on credit cards are both critical and expensive, and it is very important that over this period consumers are careful not to overextend their family budgets.

Snowy River

Hon. ANDREA COOTE (Monash) — I ask the Minister for Energy and Resources, in her capacity as minister responsible for negotiations relating to environmental flows along the Snowy River, what discussions she has had with her South Australian counterpart, given that any dramatic shift in water volumes released down the Snowy will directly affect the standard of Adelaide's drinking water.

Hon. C. C. BROAD (Minister for Energy and Resources) — I thank the honourable member for her question on this very important issue. Since being given the responsibility for conducting these negotiations on behalf of the Bracks Labor government I have initiated discussions with my New South Wales counterpart, the Honourable John Della Bosca. As part of the program of negotiations, both the commonwealth and South Australian governments have very important interests in the corporatisation and the importance of maintaining flows in the Murray. Those matters are a very important part of the negotiations. I look forward to continuing those negotiations.

Honourable members interjecting.

Hon. Andrea Coote — On a point of order, Mr President, my question was: has the minister had discussions with the South Australian government on this issue — yes or no?

The PRESIDENT — Order! Does the minister want to deal with the point of order?

Hon. C. C. BROAD — I believe I have answered the question.

The PRESIDENT — Order! Obviously a question dealing with flows in the Murray has many ramifications. You can talk about a lot of issues involved with that which are not really responsive to the question. The question in this case dealt exclusively with the discussions with South Australia, and I did not detect, although there was a bit of noise, an actual dealing with that point of the question. Does the minister wish to add to that?

Hon. C. C. BROAD — I indicated in my response that we have programmed negotiations with all the parties to resolve this matter, including South Australia. We have exchanged information with the parties. If the point of the question is whether I have personally spoken with the several South Australian ministers — federal and state — who have received correspondence on this matter, I can say that I intend to speak to all of them. A number of ministers in South Australia have an interest. I will do so as soon as possible.

Ports: inland

Hon. D. G. HADDEN (Ballarat) — Will the Minister for Ports inform the house of progress on the development of inland ports in Victoria?

Hon. C. C. BROAD (Minister for Ports) — I thank the honourable member for her question and for her interest in this very important development. Honourable members may be interested to know there are a number of significant proposals for the development of inland ports in Victoria. The concept of inland ports may be new to some members, particularly those opposite, judging from comments on the matter in recent weeks about distances from the port of Melbourne.

Inlands ports are more than simply transport depots. A key feature is that they operate, in effect, as extensions of seaports by providing staging points for cargo to be directly transported to and from wharves.

Hon. G. R. Craige — Are you going to put one on the Murray?

Hon. C. C. BROAD — Possibly. Given the scarcity of land at Victoria's ports, inland ports are a valuable way of extending the amount of available port land.

An honourable member interjected.

Hon. C. C. BROAD — Indeed. I understand some of the proposals are well advanced. The plans involve rail and road transfers, storage and warehousing, and customs and quarantine activities. Proposals include the inland port of Bendigo, which is currently pursuing a rezoning application with the City of Greater Bendigo and negotiating rail and road access with Freight Victoria and Vicroads; plans are well advanced to provide a facility with three 1500-metre rail sidings ; and at Mildura there is significant interest in the concept of relieving long-haul road transport to Melbourne by supplementing it with rail.

The government welcomes interest in the inland ports concept. It is an innovative approach to improving the efficiency of the sea freight transport chain and offers substantial potential benefits to exporters and importers, and by relieving road traffic movement in the suburbs, to the general community as well.

Unions: payroll deductions

Hon. M. A. BIRRELL (East Yarra) — I refer the Minister for Industrial Relations to the Premier's

post-election promise that the government would not reintroduce union payroll deduction schemes because it was not part of Labor's election policy, which appears to be at odds with her comments that the government is now considering introducing the schemes. Given that the Premier said on 3AW this morning that the matter is now one for individual departments to decide, will the minister advise the house of what policy, if any, the Labor government actually has on the issue?

Hon. M. M. GOULD (Minister for Industrial Relations) — The government has no plans to reintroduce payroll deductions. When the issue was raised with me I referred it to my department, which was entirely appropriate. A story in today's *Age* newspaper relates to an interview I did last week. I know it is difficult at this time of the year for newspapers to come up with headlines. I can understand they need to find something.

Honourable members interjecting.

Hon. M. M. GOULD — They must be getting bored with the headlines that have dominated the news since the Burwood by-election, such as 'Libs lose', 'Liberals stunned' and 'Rebels bent on Liberal purge'. The newspapers needed a change because they were using the same stories over and again. I have already said and I say again that the government has no plans to reintroduce payroll deductions at this time.

Hon. G. R. Craige — It quotes you.

Hon. M. M. GOULD — I referred it to the department.

Hon. G. R. Craige — It quotes you.

Hon. M. M. GOULD — Yes, that I referred it to the department.

Retail industry: refunds

Hon. E. C. CARBINES (Geelong) — Will the Minister for Consumer Affairs inform the house what action she intends to take to ensure that traders do not display in their shops signs that state 'no refunds'?

Hon. M. R. THOMSON (Minister for Consumer Affairs) — This is another important issue in the lead-up to Christmas. Contrary to the legislation a number of shops display no-refund signs. The law states that consumers are entitled to a refund where they purchase faulty goods; where goods are purchased for a particular purpose, and the trader is aware of the purpose, but the goods are not reasonably fit for that purpose; the quality of sample goods is not the same as that of those purchased; or if the goods purchased are not those that were described.

The Office of Fair Trading and Business Affairs has been conducting a campaign in Melbourne and country Victoria to encourage traders to place the correct signage in their premises. To date some 500 shops have been visited in eight centres, including Northland, Fountain Gate, shoppingtown at Doncaster, as well as stores in Shepparton and Bendigo, to encourage them to display the correct signage.

AUDITOR-GENERAL

Government finances

Hon. M. M. GOULD (Minister for Industrial Relations) presented report for 1998–99.

Laid on table.

PAPERS

Laid on table by Clerk:

Accident Compensation Act 1985 — Report on requests for approval, pursuant to section 243(3) of the Act.

Auditor-General — Report on Road Construction in Victoria: *Major projects managed by VicRoads*, December 1999.

Falls Creek Alpine Resort Management Board — Minister's report of 13 December 1999 of receipt of the report for the period 30 April 1998 to 31 October 1998.

Financial Institutions Commission — Report, 1 July 1998 to 30 September 1999.

Health Services Act 1988 — Report of Community Visitors, 1998–99.

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

Ballarat Planning Scheme — Amendment C15.

Horsham Planning Scheme — Amendment C1.

Hume Planning Scheme — Amendment L65.

Maribyrnong Planning Scheme.

Ombudsman's Office — Report, 1998–99.

Parks Victoria — Report, 3 July 1998 to 30 June 1999.

Public Advocate's Office — Report, 1998–99.

Regulator-General's Office — Report, 1998–99.

South Eastern Medical Complex Limited — Report, 1998–99.

Statutory Rules under the following Acts of Parliament:

County Court Act 1958 — No. 128.

Domestic Building Contracts Act 1995 — No. 126.

Land Tax Act 1958 — No. 129.

Pharmacists Act 1974 — No. 130.

Subordinate Legislation Act 1994 — No. 127.

Subordinate Legislation Act 1994 —

Ministers' exception certificates under section 8(4) in respect of Statutory Rules Nos. 128 to 130/1999.

Minister's exemption certificate under section 9(6) in respect of Statutory Rule No. 126/1999.

Veterinary Practitioners Registration Board — Minister for Agriculture's report of 13 December 1999 of receipt of the 1998 report.

LOCAL GOVERNMENT (BEST VALUE PRINCIPLES) BILL

Second reading

Debate resumed from 8 December; motion of Hon. C. C. BROAD (Minister for Energy and Resources).

Hon. N. B. LUCAS (Eumemmerring) — The opposition will not oppose the Local Government (Best Value Principles) Bill, but it will raise a number of issues with which it is not happy.

Hon. T. C. Theophanous — Are you supporting it?

Hon. N. B. LUCAS — You were not listening, Mr Theophanous. I said it is not opposing it. The bill replaces the compulsory competitive tendering (CCT) provisions of the Local Government Act with a new regime under the heading, 'Best-Value Principles'. It will dispose of the CCT provisions that were implemented by the previous government.

I will raise a number of issues that are of concern to the opposition. The government decided to get rid of CCT but knew it had to replace it with something. It is readily apparent that the government has looked across the world and has focused on the United Kingdom's best-value system. The government has decided to replace CCT with best value. It is interesting to note that the government's advisers on the bill have come from the union movement. They have probably said, 'If we just replace CCT with a complete set of information from the United Kingdom we will have a problem because the UK legislation is very prescriptive and might be too prescriptive for what we want in Victoria'. The government has decided to extend the implementation of the legislation so it can work out what to do in Victoria. Councils have until the end of December next year to develop their programs and until 2005 to implement them. It is extraordinary that the new regime should be spread over such a long period.

Working out the definition of best value will be a long process and will involve the government preparing and releasing codes. It will involve local government preparing standards and, as I said, the whole thing will be stretched out to 2005.

I refer to the opposition's policy about CCT, which was articulated at the time of the election. It is also appropriate to put on the record that CCT was implemented for a good reason. I will refer to the reasons we had to have CCT and to some of the achievements and benefits in that area, and then I will examine best value and what it is, how it will be regulated, how council performance will be assessed under best value, and what the new system of best value will be like.

During the debate a number of questions will be raised about best value and a whole lot of unknowns will arise. An examination of the bill provides more questions than answers. Persons interested in local government who have read the bill — they may have accessed it off the Net or received copies from various sources — have found it contains a lot of unknowns. They are asking what it is all about and wonder what they will end up with. I will discuss some of those unknowns in my speech.

Firstly, why was CCT introduced in the first place? Local government in Victoria has a combined turnover of more than $3 billion. Prior to 1994 — and I was part of it — local government was going on its merry way. There were 211 municipalities in Victoria. Some councils were putting services out to tender and some were not putting much to tender, but the scene had not changed for many years. In fact, over the 30 years that I was in local government not a lot had changed at all.

In 1992 the Kennett government was elected and for the first time in 150-odd years the government bit the bullet and set about reforming local government to benefit Victoria. The then Minister for Local Government, the Honourable Roger Hallam, took the issue up. A range of council amalgamations occurred to reduce the number from 210 — it had changed from 211 to 210 — to 78. That was the first of two major changes. The second change was to implement compulsory competitive tendering, which involved changing the culture of local government.

Before the implementation of those changes, local government had gone along for 150 years doing its work and being as efficient as it could be under the circumstances it knew. However, it did not know about the changes that were taking place in other parts of the world. It was not really abreast of what was happening around the world. Globally there was a change to competitiveness, the need to compete. At council meetings in the former City of Oakleigh, for instance, the members of unions, the outdoor workers, would stand around the walls of the council chamber. When a vote was taken they would look at the councillors and either shake or nod their heads, and the councillors would either put up or hold down their hands according to what the union members told them. That occurred in many inner Melbourne councils where the unions had an unusually strong hold on what was happening.

One of the councillors at Berwick was a union organiser. His name was Cr Pandazopoulos. One of the first things he did when he came to the council was to obtain a list of all the council staff who were union members to find out where his mates were.

When I negotiated with the unions as the chief executive of the City of Berwick I found Cr Pandazopoulos, as he then was, was working on both sides — as a councillor he sat in on council discussions and when I met union representatives I found they knew what I was going to say. It was extraordinary!

Local government required reform not because of anything to do with unions but to bring it into the modern world. The former government had to address the lack of competition in local government. A December 1996 document entitled 'Review of CCT Implementation', which was prepared for the then Minister for Planning and Local Government, refers to the rationale for compulsory competitive tendering as being to enhance the efficiency of local government services, to specify what councils would provide and to ensure accountability for decision making in local government.

The second-reading speech on the Local Government (Competitive Tendering) Bill, delivered by the Honourable Roger Hallam on 19 April 1994, states:

> This bill has one clear aim, to introduce competition to require councils to look hard at their own operations and improve efficiency. It can be simply stated but its significance is profound. This bill heralds a cultural change which goes to the very core of the way councils operate. Councils will be compelled to review and specify just what it is they do, and to test those specifications in the marketplace. If in-house staff fail to measure up to the competition, those who provide better service should take over, just as they do in any other organisation which claims to be accountable to its constituents. Ratepayers are entitled to expect value for money from council services.

That is what happened after the introduction of CCT. Competition changed the culture of local government. CCT brought about a number of benefits. Never before had councils to such an extent reviewed their services, specified what services were to be delivered, specified the quality of services they wished to provide or had to consider the needs of the customers, residents and businesses in their municipalities; and never before had there been such an emphasis on efficiency in services performed by councils.

Peter Tesdorpf and Associates undertook a study on the benefits of CCT and concluded:

> By all accounts CCT has been highly successful in changing the culture and attitude of councils and their staff for the better.

The Victorian Local Governance Association, many of whose northern representatives were socialists, in the 'Review of CCT Implementation' states:

> For local government one of the positive outcomes of CCT has been the necessity to specify service outcomes. This has required councils to undertake more detailed service audits than has been the case in the past and has required a review of the service inputs needed to achieve these outcomes. Councils have had to think through the relevant importance of outcomes within the framework of ratepayers and residents expectations.

A booklet issued on November 1994 by former Minister Hallam through the office of local government entitled 'Competitive Tendering' sets out some examples of the benefits of CCT. The Melbourne City Council split its parks and gardens into five regions and tenders were called for the maintenance of the parks and streetscapes in each of those regions. The report indicates that three of the contracts were won by Serco Ltd and two were won by the in-house team that formed part of the council-owned company, Citywide Services. The direct cost savings were $1.4 million or 17 per cent of the previous in-house cost levels. In addition the following service improvements occurred: development of a comprehensive tree database, with annual tree inspections replacing the previous ad hoc system; market research was undertaken on the usage of the parks; there was programmed maintenance for all infrastructure instead of a reactive, repairs-as-needed approach; and higher standards of toilet cleanliness were implemented.

The City of Stonnington called for tenders for the cleaning of the town hall. One contract was awarded to Laurel Cleaning Ltd and one to the in-house team. The

contract prices represented cost savings of 69 per cent on the municipal buildings and 62.5 per cent on the town hall compared with the cost the year before. In addition the following service improvements occurred: mechanisms were put in place for recording quality and for monitoring clients' requests and the responses of the cleaners, which dramatically improved the responsiveness of the cleaners to clients' needs; a flat rate of payment for the service was introduced; and a quality assurance program was implemented and maintained.

The Bendigo Regional Arts Centre called for tenders for the management and operation of the centre. Council awarded the contract to the in-house business unit. The centre now offers a number of improved services that have resulted in a reduction in hiring charges for local performing arts groups, employment of a new part-time community cultural development officer, further development of the Culture/Vulture program targeted at secondary school students, improved links with the education curriculum and development of a comprehensive education and workshop program.

At the same time those services were expanded and improvements were made. The contract won by the in-house unit produced annual savings of 10 per cent — and annual savings of that proportion were made across Victoria.

In a compulsory competitive tendering environment many things happen: competition ensures ratepayers get value for the funds expended, a focus on performance improves the quality of the services provided, and there is scope for innovation. People may ask how their businesses can be run more effectively. In a competitive environment costs become important, so if a business does not win a tender it is in trouble. Of necessity, a CCT environment provides councils with the means of monitoring outputs.

Page 20 of the International City/County Management Association (ICMA) publication *Public Management* of September 1996 contains an article written by an American city manager following his return to the United States after spending some time in Australia. In commenting on CCT he states:

> Competition —

in Victoria —

> has replaced complacency and the spirit of entitlement that until recently ruled Australia's municipal marketplace.

That is fair comment. Almost all Victorian councils met the target set under the Local Government Act of opening up 50 per cent of local government services and activities to the competitive process. That was a means to the end of achieving a cultural change to ensure that in-house work practices became more efficient, and it was also a way of flushing out any costly practices in local government.

Local government reform, including the introduction of compulsory competitive tendering, saved Victorian residents and businesses a great deal of money. Those savings were made across all councils, where on average rates were reduced by 20 per cent. In the first year savings from local government reform amounted to more than $260 million, and over four years some $1 billion was put back into the pockets of Victorian businesses and residents, including members on the other side. It also enabled businesses to expand and create employment and to do better the things they were already doing. I am proud of having played a small part in the reform process that created a new benchmark for local government. Because of the reforms any increase in the benchmark will come off a lower base, and $1 billion will continue to be saved every four years.

I return to where I started by repeating that the local government reforms created a new culture. That is what the former government wanted, and it succeeded — and the reasons for that are twofold. One can see it succeeded because of what is now happening in local government. Because of my previous career in local government I am still reasonably close to those who work in the industry. Local councils are operating more efficiently because they are more aware of the dollars they spend and more aware of the services and facilities their communities want.

That change has been driven by a range of decisions. However, I give enormous credit to the Honourable Roger Hallam, a former Minister for Local Government, who drove those changes in the first place. He was the first local government minister in 150 years to make such reforms. Mr Hallam can look back with pride on the fact that no matter what the minority Labor government does, it will be dealing with local councils whose operational culture was changed by legislation introduced by the former government.

The bill before us is proof of the change in culture. The bill is not just to get rid of compulsory competitive tendering and leave things as they were before. The new minority Labor government has also had a change of culture because it has accepted that rather than taking CCT out of the equation and returning to a system of tendering only for items with a value of more than a certain figure, as occurred for 150 years, it had to replace it with something else. I assume that the change

in culture accepted by the Labor minority government will be of benefit to local government. I will explain my concerns about that issue.

Best-value principles are defined in section 208B of proposed new division 3. Proposed new paragraph (a) states:

> … a Council must meet the quality and cost standards …

What are those standards? If the bill is passed in this sessional period what standards will have to be met by local councils? The standards have not been set.

Under proposed new section 208D councils will set the standards, but that will not have to be done until the end of next year — councils will have 12 months to do it. What will happen in the interim? CCT will be gone and there will be a gap of 12 months between the coming into force of the legislation and the putting in place of the standards.

The second principle is contained in paragraph (b) of proposed new section 208B. It states:

> subject to section 6(1)(c), all services provided by a Council must be responsive to the needs of its community;

That is an airy-fairy statement and the house could spend a lot of time arguing about what it means.

Accessibility is dealt with in proposed new paragraph (c). It deals with the requirement for services of councils to be accessible to the members of the community for whom they are intended. I assume that my colleague Mrs Powell, from country Victoria, will talk about that in a rural context later.

Proposed new paragraph (d) deals with continuous improvement, the bases on which it will be judged and how it will be measured. I assume it will be on cost and quality, but that has not been stated.

Proposed new paragraph (e) refers to a council developing a program of regular consultation with its community in relation to the services it provides. I do not know what that means. It might mean that the council will have to consult with its community daily, weekly or monthly or every 6 or 12 months. What does 'regular' mean under the provision in question? If there is consultation on the provision of services to the community what will that do to the corporate planning process that is mentioned in another section of the bill? If it is to be part of that process I should have thought the subsection would say so, but it does not. I wonder whether those who prepared the bill in haste have failed to mention it. As the bill stands at the moment there could be two kinds of consultations: one on corporate planning and the other on the provision of services, which would be illogical.

Proposed new paragraph (f) states:

> a Council must report regularly to its community on its achievements in relation to the principles …

Firstly, the word 'regularly' could again mean 6 months, 12 months, weekly or whatever, because it is not defined. Secondly, 'its achievements' is an interesting expression. We do not know what those achievements will be or how they will be judged. Thirdly, there is a requirement under the Local Government Act to provide an annual report each year, but there is nothing to say whether the report mentioned under the best-value principles is to be a separate report or part of the annual report. There is no answer to that question in the bill.

Proposed new section 208C states, in part:

> … a Council may take into account … factors —

Seven factors are listed. In the briefing I received those giving the briefing were asked how many of those seven factors would need to be taken into account by a council. The answer was that a council would need to take into account only one or two — that is, although seven factors that may be looked at in applying the principles are listed, a council may choose to look at only one of them, and the other six would be there only for the sake of interest.

In developing quality and cost standards the council must take into account the first four factors in proposed section 208C, inserted by clause 4. So there is a contradiction: on the one hand, under proposed section 208C, seven factors may be taken into account; and on the other hand, under proposed section 208D, four of those factors must be taken into account. The dilemma is whether or not those factors should be taken into account. Why are seven factors listed if only one must be considered?

Proposed section 208D provides that councils must take into account four factors, and proposed section 208H provides that councils must also comply with the code that the minister may publish in the *Government Gazette* in relation to the way councils will give effect to best-value principles.

My question is: where are the codes that councils must comply with? Before the end of December next year council programs have to be prepared for the following five years. The principles have to be applied to services. What will the codes include? When will the codes be available and on which criteria will they be based?

The big joke about best value is that it is unspecified; nobody really knows what will happen; and a familiar system — CCT — is being done away with and replaced with something that is not merely ill-defined but not defined — a set of airy-fairy principles. We wait with bated breath to see the codes and find out what are quality cost standards.

A nexus will occur between the bill receiving royal assent and its provisions being applicable to local government and the time when the councils commence applying the new best-practice regime.

Hon. R. M. Hallam interjected.

Hon. N. B. LUCAS — Or a hiatus, as my friend and colleague Mr Hallam calls it. The hiatus will extend over 12 months for some services and up to six years for others. That means it will be 12 months up to the end of next year when councils are preparing programs, meaning it may be December 2005 that the final services of councils are put through a best-practice review to check compliance with the act.

Is that what we want in local government in Victoria? Do we want an airy-fairy, ill-defined system coming in to replace something familiar? Do Victorians want local government to have an open cheque to fill in between now and the end of December next year, or longer?

As with any bill that passes through the house, one needs to be certain about what those affected have to comply with. Friends and former colleagues in local government have told me that the industry is uncertain about the best-value proposals. Honourable members in this place know, and it is common knowledge in the other place, that local government associations are saying, 'We want to be consulted about this before anything happens with the codes'. Professional bodies are saying, 'We would like to be involved as the system further develops'. I repeat: what will happen between the time the act receives royal assent and the time the changes are written in black and white and can be dealt with? There will be a hiatus, which concerns me.

Apparently the government has accepted the argument that there is a need to replace compulsory competitive tendering with something else, which is evidence of a change of culture that has been imposed by one means or another. However, I am concerned that CCT is being replaced with something so ill-defined and airy fairy.

It is important for the local councils that have to implement the legislation and those elected members who oversee their activities to be given more certainty than the bill provides. The minority Labor government stands condemned for not having done its homework on the issue. First it said, 'We have to get rid of CCT, so we have to put something in to replace it'. In answer to the question, 'What are we going to replace it with?', it came up with the bright Blair Labour government idea of introducing best value, adding, 'But we'll work it out later'. The government should be condemned for not doing its homework, not preparing the way, not giving local government any certainty and not putting sufficient effort into preparing an alternative means of requiring local government to meet cost and quality standards.

During the committee stage I will be keen to find out more about the issues I have raised. For the benefit of local councils I will be asking the minister representing the Minister for Local Government in the other place for answers about the meaning of the nebulous words in the bill, about the timing of its implementation and about the process by which the issues are to be dealt with. Having foreshadowed those questions, I am sure the Honourable Candy Broad will have the answers when the time comes.

The opposition does not oppose the bill. The bill represents what the minority Labor government wants to do, but there will be problems because the government has not done its homework. A lot of questions need answering. I will leave the other issues I wish to raise to the committee stage.

Hon. G. D. ROMANES (Melbourne) — I am delighted to speak in support of the Local Government (Best Value Principles) Bill. As honourable members will be aware, the bill will replace the compulsory competitive tendering (CCT) requirements imposed by the previous government with the obligation for local councils to seek best value in providing services. The bill will bring to an end five years of the arbitrary imposition of targets on councils across the state which often took no account of the individual needs of various communities and which often resulted in outcomes that devalued local knowledge, experience and the continuity of services.

Under compulsory competitive tendering price came first, and local employment, quality of services and continuity in the provision of care and other services came second. In the compulsory competitive tendering era, competition was lauded. The very thing that local councils do well — that is, support each other and collaborate and cooperate across regions — in many cases broke down. The imposition of compulsory competitive tendering epitomised an era of centralised state government control over local government.

I remind honourable members that the CCT regime started in 1994–95, when the target set for tendering out services was 20 per cent of operational expenditure. The following year the target moved out to 30 per cent, and the following year it increased again to 50 per cent of operational expenditure.

When the CCT regime was imposed local councillors — I was one — found it difficult to understand the true objectives behind the former government's decision to enforce targets instead of working with local government for continuous improvement. The objectives were said to include achieving more effective and more efficient ways of working, both of which were noble objectives, but questions remained about the real aims and the agenda of the regime.

I refer to an address given by the Honourable Neil Lucas to a seminar run by the Monash Graduate School of Government and the Victorian Local Governance Association on 22 June 1996. On that occasion Mr Lucas said:

> One of the first realisations for local government to accept was the fact that the 20, 30 and 50 per cent requirements under the act were not targets but were statutory minima. It is not a matter of falling across the line with 50.1 per cent and sitting back. The percentage requirements under the act were really the mechanism devised to assist and encourage (maybe with a big stick) new local government councils into an entirely different way of business. These percentage minima were one of the biggest factors in achieving the cultural change necessary throughout local government.

In the same address he also acknowledged that:

> Competitive tendering has of course been around for a long time. Prior to the more recent compulsory approach most local government bodies were calling tenders for a variety of works and services.

Competitive tendering was not new to local government, but compulsory competitive tendering certainly was.

What were the real objectives? Certainly they were to push the boundaries far beyond the supposed 50 per cent and to sharpen the edge of local government practices. There is nothing wrong with that, but when former ministers and other parliamentarians accused councils of cheating the system on occasions when in-house teams were successful in winning their bids, one began to wonder about the real agenda. Was it, as I suspect it was, an attempt to break the unions?

The house has heard a lot about Mr Lucas's views on the unions and his support for delivering a greater share of work to the private sector. Competitive tendering was not new, but compulsory competitive tendering took tendering to new levels of zealotry. In the new amalgamated councils, compulsory competitive tendering was widely embraced by the chief executive officers who had been put in place by the commissioners appointed by the previous government. They were eager to show they could perform.

I refer the house to an address by Cr Andrew Rowe, the Victorian Local Governance Association's chair of the CCT working group, to a gathering on 13 September 1997. A picture was emerging at that period of the way compulsory competitive tendering was working in local government. Cr Rowe said:

> CCT legislation and now national competition policy has been the catalyst for a continuing push towards outsourcing, privatisation and corporatisation of the services and functions of local government. There appears to have been a total capture of the hearts and minds of local government. The agenda for continual market testing of services and functions goes well beyond the 50 per cent target. Many local governments are determined to market test everything that moves. Councillors from across Victoria have called me to say that their CEO has told them that they are going for 80 per cent or higher. Councillors are feeling powerless and unable to enter the debate and influence these processes, practices and policies.

What is more, in the period of the amalgamations and when elected councils were replaced by commissioners, communities were shut out of the process; and when democratically elected councillors were returned, there was also a period when it was very hard for the elected councillors — the policy-makers of councils — to get back into the debate. Cr Rowe further stated:

> Introducing CCT while also dismissing mayors and councillors across Victoria has allowed the CEOs and senior officers in local governments to lead the policy and procedures debate. With no offence to these officers, the return of democratic control of local government has still left CCT as a secret business that councillors are best left out of. Councillors in many councils are told directly or by implication that CCT is a technical process they won't understand, it is overlaid with issues of commercial in confidence. Councillors' interests are merely political and possibly contrary to the legislation. Simply in many local governments across Victoria councillors are actively discouraged or even directly thwarted from taking policy control of the CCT processes.

So CCT was introduced when democratically elected councils had been taken away from the people of Victoria. It has often been kept apart from the work of the elected councillors unless they were confident enough to grasp the area and exert their policies and control over it.

At the same time as compulsory competitive tendering was introduced there was a restructure of local government across Victoria within councils to ensure

probity would be reinforced by those structures in the application of CCT processes. That meant it was mandated under the tendering charter that the functions of council should be separated, where there was tendering, into purchaser and provider. It resulted, in many cases, in a ludicrous situation where staff from one part of council ended up being unable to talk to staff in another part of council. Staff working out in the field, whether it be on road maintenance or in parks and gardens, or in various care services, were in a difficult situation with regard to feeding back knowledge and information to another part of the council.

Therefore, instead of local government being more efficient, in many cases it was less efficient, with duplication particularly at the management level, and gross inefficiency in the system. There was fragmentation, and in many areas another level of bureaucracy was imposed on councils. A business unit then had to be put in place to manage the whole process. Time had to be taken to write the specifications. The writing of specifications is not a bad thing in itself, but the way CCT had been implemented resulted in units of municipal councils being out of action for months on end while they were writing the specifications for the in-house bids.

It was not until the return of elected councillors in some councils in 1996 and 1997 that there was a return to a whole-of-government approach. But there was still the mandatory requirement of councils to tender out more than 50 per cent of the operational expenditure. There could be a reorganisation, which meant it was possible to ensure probity and continuous improvement in the way services were undertaken, and then take an integrated approach which would enable a more efficient and effective delivery of services.

The purchaser–provider split was one problem. Another problem was the effect on the rural communities. Mr Lucas cited a November 1995 statement from members of Melbourne City Council of gains and cost savings, but that was early on in the process. Across the rural and regional parts of Victoria what has emerged over the years is quite a different picture.

In many cases CCT has been the no. 1 jobs killer. In Glenelg Shire Council an analysis in 1996 showed that compulsory competitive tendering was costing more than it was saving, yet in order to undertake compulsory competitive tendering, jobs and services had been sacrificed. At a seminar in 1996 the then chief executive officer of the Ballarat council cited a cost of $1 million to comply with compulsory competitive tendering.

The Shire of Moira was almost bankrupted and Numurkah became something of a ghost town because tenders were won by out-of-town contractors. In East Gippsland most services were contracted out, about 400 f the 700 or so staff were retrenched and debt increased from about $10 million to about $18 million.

Peter Tesdorpf and Associates conducted a study on the issue dated November 1996 and entitled ‘Competitive Communities? A Study of the Impact of Compulsory Competitive Tendering on Rural and Remote Areas of Victoria’. The study cited a response from 65 per cent of respondents that they had experienced negative impacts and showed that a pattern of negative impacts of compulsory competitive tendering and an inability to produce savings was more prevalent among rural councils.

The study included an analysis of tenders in Loddon and Buloke. It found that two-thirds of contract dollars in Loddon and 98 per cent of contract dollars in Buloke were flowing out of the region. That was a major problem which emerged in the study. The transfer of economic benefits from smaller to larger towns and communities has had a devastating effect across rural Victoria. The study reported that in a survey of 38 non-metropolitan councils, 50 per cent of respondents reported no savings from CCT and 75 per cent reported actual net costs to the councils. So instead of there being savings, costs were loaded onto the responsibilities of councils.

I turn to the unions. Members of the unions did reasonably well in gearing up and skilling themselves to win in-house bids in the tender processes. However, even when the unions won, they lost — that is, because of the process, when they won in-house bids they were required to lose jobs. There was a massive impact on communities as a flow-on effect of the process.

Another problem arose not only because of CCT but because the process was introduced when there was a major restructuring of councils, amalgamation of councils and the capping of rates. The end result of those three factors — a legacy of the previous government that came to light in March 1997 — was $400 million of unfunded superannuation liabilities. Not only is there a question mark over whether compulsory competitive tendering achieved the desired benefits for local governments, but an additional legacy was bequeathed to councils as a result — a $400 million debt that all Victorian local government bodies had to pay back. For the council of which I was part that meant a $12 million surcharge — money was taken out of the pockets of City of Moreland ratepayers to pay for that council’s share of the $400 million in

unfunded superannuation liabilities. Some councils are still repaying debts that arose from amalgamations, rate capping and CCT.

Hon. R. M. Hallam — That is untrue. You should be ashamed of running that line. You were meant to be a council — —

The DEPUTY PRESIDENT — Order! Mr Hallam will have his opportunity.

Hon. R. M. Hallam — I will indeed.

Hon. G. D. ROMANES — The bill reflects the different approach that is being taken by the Bracks Labor government. It outlines the best-value principles that are to be taken into account by councils when developing their services and provides that the services must meet the quality and cost standards required by proposed new section 208D. It provides that services must be responsive to the needs of the community and accessible to its members; and that councils must achieve continuous improvements, be involved in programs of regular consultation and report regularly to their communities.

The bill also provides that a task force be set up to develop guidelines and codes for the application of the best-value principles, and what it means to meet the principles. It sets out the various factors that may be considered in applying the principles: the need to review services against the best on offer in both the public and private sectors; an assessment of value for money; community expectations and values; the balance of affordability and accessibility of services; opportunities for local employment growth or retention; the value of potential partnerships with other councils and the state and commonwealth governments; and potential environmental advantages for a council's municipal district. Under the heading 'Quality and cost standards' are set out various factors to be taken into account in developing such standards.

The bill represents a much more flexible approach. It is not the prescriptive, big-stick approach of the middle 1990s to which Mr Lucas referred. It takes into account a range of legitimate factors that should be considered when looking at how, in what way and at what cost services should be provided in local communities. The task force will work in partnership with the government and the Minister for Local Government to develop the guidelines and codes for the application of the best-value principles. Proposed new section 208J states that in the process the minister must consult with any body that represents local government interests before publishing any guidelines or codes.

The reference to consultation highlights the difference between the two governments. The former government used the big stick, blunt instrument approach to work with councils in its attempt to deliver efficient and effective services for the people. The Bracks Labor government wants to work with local councils and their communities through the processes of consultation and reporting put in place regularly by those councils, whatever form they may take. Different councils may consult and report in myriad different forms depending on what is appropriate in their areas. It may take into account geographic coverage and the form of consultation and reporting that has been found to work effectively.

Mr Lucas talked about best-value principles in Victoria as being a big joke. He said they were not defined, were airy-airy and raised concerns about the time between the proclamation of a bill and the implementation of time frames. That sort of work cannot happen overnight. It will require determined and considered work by the minister, by the relevant bodies who are interested in local government work, and by the people of Victoria to implement the best-value principles program.

Councils have widely supported the change. There is widespread hatred of compulsory competitive tendering, which has cost the jobs of many Victorians in recent years. CCT was driven by blind ideology and was universally despised by people from rural areas. Over the past few weeks many Victorians have demonstrated that they do not want an agenda such as CCT which is blind to their needs and their concerns.

Hon. R. M. HALLAM (Western) — Given that I was Minister for Local Government under the Kennett administration that introduced compulsory competitive tendering (CCT) to local government, I suspect no honourable member will be surprised to hear me say that I have an interest in this bill. I have certainly watched CCT with great interest since its introduction.

Before I inform the house of the background to the introduction of CCT, I will challenge three issues referred to by the previous speaker, the Honourable Glenyys Romanes, in her contribution. Firstly, the honourable member said the bill demonstrated above all else the difference between the attitude of the Bracks government and the former Kennett government on consultation with local government. She made that point strongly. By way of rebuttal, it is significant that the provision on consultation the honourable member referred to was introduced into the bill by way of amendment. It was not there in the first cut, and it was not until the peak local government organisations took

the issue up with the government that it decided it would be appropriate to mention consultation. If the honourable member wants to make the point that this is the difference between the Bracks and Kennett governments, I suspect she has been hoist on her own petard.

The second point that struck a chord with me was the reference of Ms Romanes to the fact that local government was badly done by with the introduction of unfunded superannuation liability provisions. The honourable member mentioned what terrible things the previous government had done to local government. I said by way of interjection — which was unruly, Mr Deputy President, and I apologise — that Ms Romanes was a councillor at the time and she should have known — —

Hon. G. D. Romanes interjected.

Hon. R. M. HALLAM — Ms Romanes is well known for her role in local government and was a councillor for some years, so she should know better than to parrot the lines she just recited to the chamber. It is a furphy to say that the unfunded superannuation liability was imposed on local government by the Kennett government. The bottom line is that local government committed the liability, individually, by agreeing to sweetheart deals over many years with senior officers. Under the Kennett government those liabilities were precipitated, nothing more and nothing less. Yet there is this myth that it was the Kennett government that imposed this huge cost on local government. The same sweetheart deals that led to the liability in fact drove the Kennett government to do something about the operation of local government which included the genesis of competitive tendering.

The third point I wish to rebut is that there has been a terrible impost on local government, particularly in country Victoria, because of the impact of competitive tendering on municipal employment levels. I did not hear Ms Romanes comment on the service levels of councils anywhere in the state. In other words, the unstated conclusion is that we have retained the efficiency of operation with less employment. Services are still there, we have gained in efficiency, and to the extent that services have been contracted out, employment has been relocated in the private sector.

The notion that CCT has wiped local communities off the map is another furphy. I remind those who wish to run that line that I have not heard too many ratepayers say they did not enjoy the reduction in rates that came as a direct result of the introduction of contestability across local government. The facts are the facts, Ms Romanes: the cost of operation came down by about 20 per cent across the board and ratepayers were given the direct benefit of that shift in efficiency.

Hon. W. R. Baxter — Year on year.

Hon. R. M. HALLAM — Year on year. In fact, if there is now a decline in the efficiency levels in local government, that cannot but reinforce the quantum leap in efficiency that was achieved under competitive tendering and the restructure.

The Kennett government — it was not just the minister of the day but a commitment by the then government — introduced a wide and extensive reform agenda across local government. It was a big package. It is interesting because the former government was criticised wholesale by the then Labor opposition for almost everything it did in local government. When one listened to the criticism of the former government week after week in this place, it appeared that nothing it did was right. Yet here is a change of government and an opportunity for those who were our critics to put up an alternative agenda. Guess what they address? Competitive tendering. It was an important component of that reform agenda but it was just a component.

I can conclude — as did the Honourable Neil Lucas, a little cheaply — that that fact alone means we must have got most of it pretty right. If that is all the Labor government can find to criticise in the massive reforms to local government, I am happy to have that on the record. Most of it must have been fairly welcome.

Competitive tendering was not driven by the dollar. The Honourable Glenyys Romanes said it was the almighty dollar that drove the agenda. I am happy to put on the record that that is absolutely and fundamentally wrong. If one reads anything that was attributed to me at the time, one will notice I was careful to make it clear that we were not driven by the dollar at all. We were driven by discipline at the municipal council table. I spent some time at the council table as well so I have some experience to rely on. I was amazed at what drove local government. Without being too unkind, most of the issues were driven by what was already there. The notion that we should go back to zero-based budgeting was incredibly novel. Councils would consider last year's budget and decide what they could manipulate on the margin, and that is how the budgets were framed. I wanted to go back and say, 'Why not start afresh? Why don't we look at the service profile that the council is offering to its ratepayers? Why don't we get really novel and talk to the ratepayers about the services they think we should be providing?'.

As Mr Lucas noted, more than anything else competitive tendering was driven by the need to change the culture of local government. Although it was a pain in the neck that councils had to sit down and draw up specifications, more than anything else it made them think about the service profile. It made them think about the services themselves, rather than simply adding to what was already there. That was like a new broom sweeping through local government, and for the people we needed in local government, the best people, it was a breath of fresh air because it gave them the chance to go back to square one and think about the services provided to the people they were meant to represent.

Local government was dominated by the attitude of our forefathers rather than the requirements of today's community. The need to update was what drove CCT, rather than the dollar. The critics now say it was driven by the dollar, but that is inconsistent with the notion of value for money. I cannot understand why councillors would not want to say to ratepayers, 'This demonstrates that we are doing the best we can in the investment we make on your behalf'. The protection was value for money. Councils and councillors had the chance to hold up their operation to the world and say, 'Given that we have opened our services to the best available competition, this is how well we have performed'.

Those who understood the process recognised there was nothing to fear from contestability, but that it gave them a protection mechanism — to benchmark their services to the people they claimed to represent. It gave them the chance to indicate how they have improved because there was no better benchmark than the market. It can be refined as much as one likes, but contestability brought in a benchmark to demonstrate good performance as much as bad performance.

Across local government the variations in performance were dramatic. How was it that some councils did extremely well under CCT or even ran ahead of the agreed rate of introduction? I remind honourable members that competitive tendering was agreed to by the Municipal Association of Victoria. The government took advice from and agreed with the association that CCT should be applied to the totality of the operational expenditure rather than picking and choosing services, as occurred in Great Britain.

I find it interesting that this new model of test value has been picked up from Great Britain when competitive tendering came from exactly the same environment. The government says best-value principles are wise and wonderful because they come from the Blair regime, but competitive tendering came from its predecessor. It is strange the government says that compulsory competitive tendering is bad when in the next breath it acknowledges it helps with accountability. At the last election Labor went to the electorate saying that it would have open and accountable government! Compulsory competitive tendering did precisely that. However, CCT did not suit the purpose of the government, so the first chance it got it introduced legislation to dismantle it. However, I take some heart from the fact that the government intends to replace compulsory competitive tendering with another mode of operation. It is a variation on a theme.

I know probably better than most in this chamber that some councils found it intrusive — they hated having to read the rule book; some councils did not mind; and some were looking for a scapegoat — and I happened to be it. I still wear some of the bruises.

Hon. R. F. Smith — You have broad shoulders.

Hon. R. M. HALLAM — Most ministers need broad shoulders, that is the way of the world. I did not mind being the object of the criticism because my objective was to improve local government and get a better deal for the ratepayers. If that meant I had to take a bit of a whipping, so be it. My consolation was that we did get a much better outcome than the then government inherited.

Government members say that a certain percentage of contracts had to be tendered out, which is not true. A certain percentage had to be held up to competition — a dramatically different concept. I did not say that councils had to tender out 50 per cent of their services, but rather that they had to hold up 50 per cent of their services to the market. What sanctions were imposed if councils did not fulfil that criteria? If they did not make the 50 per cent criteria they had to report to the minister. What a terrible thing! There was no penalty. Time and again I have heard that there was a mandated benchmark — some terrible draconian intervention, whereas councils had to report their outcome to the minister and accept any criticism that arose because of that.

I have heard it said many times that CCT is inappropriate for councils in country Victoria. I have heard most of these arguments before.

Hon. R. F. Smith — Perhaps you should listen.

Hon. R. M. HALLAM — I may come back to that. I have heard the argument that there was a dearth of private contractors or a limited market for service providers, and if the in-house provider did not get the tender the community would lose employment. The

first time I heard that I made the policy clear and I repeated it every time I heard the criticism repeated. Councils could do a number of things to address that issue. They could make the tender structure appropriate for the local community. They could split the contract into smaller units if they thought local contractors were better placed to take smaller components. That important concept has apparently been forgotten.

Councils did not have to accept the lowest tender. The rules did not say the lowest tender had to win, so it was not driven by the dollar and, in fact, if councils decided not to accept the lowest tender they could even do so on the basis they wanted to retain employment in their communities. They could do that deliberately provided two things took place: firstly, competition had to be fair and seen to be fair; and secondly, they had to tell their community. Councils had to report they had taken other than the lowest tender and had done so on the basis that the rationale was to protect local employment.

Why did some councils choose not to do that but to hide behind the minister who had imposed this so-called harsh regime? The answer: it was the easy way out. It was easier to blame someone else rather than to report to the community. In many cases CCT was subject to a range of criticisms that were quite unfair.

I did not believe councils had anything to fear from the introduction of contestability. I repeat what Mr Lucas said: some councils did extremely well and were able to demonstrate huge savings to the community, but others did less well. It can be argued, as it has been by the Bracks government, that that was based on geographic location, but some councils in country communities did well, while some councils in metropolitan communities did less well. Geography could not be used as the basis for that argument. As a result of the reform of local government, and not only as a result of compulsory competitive tendering, the cost of its operation dramatically reduced.

I am happy to defend CCT in any forum. I am proud of the reforms achieved in local government. The Labor Party would love to have delivered local government reform. However, when the rhetoric was stripped away the Labor solution was all about boundaries.

Hon. G. D. Romanes interjected.

Hon. R. M. HALLAM — No efficiency issues, Ms Romanes, just multiples. I remind opposition members why I did not support the Labor Party's initiative. I concluded that if one takes a large efficient council and lumps it together with a small inefficient council the prospect is that one finishes up with a large inefficient council. Nothing in the shift of boundaries went to the level of efficiency or the mode of operation.

The Kennett government wanted to put the boundaries to one side. As the responsible minister I would have preferred to take all the boundary lines off the map and start again. For example, I would have liked to take them to the extremities of the catchments rather that down the centre of the rivers. However, to some degree the matter was driven by politics and to a large extent we finished with multiples of what was already there. To that extent I am sorry that the government's total agenda did not go through.

I would also like to have removed the internal boundaries — all the ridings. Of all the Kennett government's initiatives that led to efficiency in local government that was perhaps the most profound. Not all of my colleagues share my vision, and I carry some scars to demonstrate that. However, that reform had a profound impact on local government because it overcame the petty parochialism that dominated the council table. Before the reform, councillors sat at the table representing a particular electorate, riding or location and felt duty bound to protect their areas of representation.

As an example of how that problem was overcome I shall use your electorate as a classic example, Mr Deputy President. The Rural City of Mildura includes an enormous hinterland. It now has what is recognised as a corporate culture at the council table rather than one dominated by internal boundaries.

And so a range of issues came up in the context of local government reform but CCT was but a very small part. I take heart that this is a relatively minor component of the reform agenda the Bracks Labor government now seeks to change.

For all that, the former government had concluded and acknowledged that competitive tendering — particularly the way it was introduced with the percentages of operational expenditure — was a blunt instrument. I do not walk away from that. If one reads my contemporary comments one sees that I knew this would be a short-term measure. The Kennett government had already moved to the concept of best value. That strikes a chord because it is what the Bracks government is about with the Local Government (Best Value Principles) Bill.

Hon. G. D. Romanes — That is an admission.

Hon. R. M. HALLAM — If you read the policy document the Kennett government took to the last

election, Ms Romanes, you will see that the government had planned to phase out competitive tendering. It is hypothetical, but for the record the former government intended to establish benchmarks for operational efficiency across local government and have the Auditor-General supervise a scheme by which councils meeting the operational benchmarks would be relieved of the CCT criteria.

The Kennett government thought that was an appropriate refinement of the original concept. However, the Bracks government has now introduced a token bill of best value, which is where the similarity ends. There is nothing that connects the Bracks Labor government's concept of best value with the former Kennett government's concept that it took to the election. As was eloquently outlined by my colleague, the current bill has many holes; the work was not done. Where is the background?

The second-reading speech — I will be careful not to quote directly, Mr Deputy President — says that the bill will ensure that councils are primarily accountable and responsive to the needs of their local communities rather than the state. A distinction is drawn about who is responsible for the direction of local government. There is an implied criticism of the former Kennett government in that it invoked an intrusive policy of CCT on local government. The second-reading speech continues:

> … the state government will not be imposing a prescriptive, audited regime on councils which forces them to meet state imposed standards.

That is the rhetoric; what about the reality? When one reads the prescription of best value one finds that the government formula is much more intrusive than CCT. Councils at least knew in what way competitive tendering would involve them. The Bracks formula is the equivalent of 'trust me'. The government has not defined the issues to be imposed on local government.

The speech states that best-value principles will underpin all financial decisions relating to service provision and that the government will introduce a new system of local accountability. It then outlines the six best-value principles that councils must observe — namely, that services must offer best possible quality and value for money, be responsive to community need, be accessible to the people they are intended for, show continuous improvement — —

Hon. R. F. Smith interjected.

Hon. R. M. HALLAM — They are not my words, Mr Smith, they are the government's words. The speech states further that services must be subject to regular community consultation and that councils must report regularly to their communities on how their services measure up against the best-value principles. However, the second-reading speech does not say what the best-value principles are, how they are to be measured, how often the councils will need to report, how the councils will report, what constitutes regular consultation, how the councils will measure the level of best-value principles in the first place to determine whether they have improved, or what the benchmarks will be.

One might ask what constitutes value for money. The second-reading speech provides some consolation because it states that the principles will be supported by guidelines and codes. One might think that will lead somewhere, but there is no such luck because the bill is silent on what constitutes guidelines and codes. Just in case a lifebuoy is needed, the speech also mentions that the bill requires councils to develop quality and cost standards — a third tier of best quality. In case honourable members think they might have got hold of that, the speech goes on to the next improvement and says key factors will be specified that must be taken into account by councils in developing the standards.

It is an extraordinary piece of legislation. The government did not do the work. The Labor Party gave a commitment in advance to dismantle the terrible thing called compulsory competitive tendering because that was what local government said it wanted. Then — heaven forbid! — it landed in government and had to deliver its commitment — —

Hon. T. C. Theophanous — The people got it wrong?

Hon. R. M. HALLAM — No, I did not say that. Labor did not expect to be in government. The bill demonstrates that Labor gave a grandiose commitment in advance and when the change of government took place and it had to deliver, it could not do so in the required time frame. The government has been caught out by its own rhetoric. It has to come up with descriptions for guidelines, codes, standards and factors, but does not know what they are. Government members cannot tell the opposition what they are. If they could I would have expected them to have been put on the record.

Local government thought it was bad enough when the previous Big Brother suggested the introduction of and reporting on contestability, but now local government has an even bigger problem. It will be asked to comply with codes, guidelines and standards that have not been

specified. Why would the government expect local government to be relaxed about the process?

As an aside, as an afterthought if you like, the government said, 'We will come and consult with you', and government members had the cheek to tell us that was the difference between the Bracks and Kennett governments. However, the opposition has now found out that the government did not want to consult at all, and it was embarrassed into putting in that commitment to consultation as a result of the intervention of local government peak organisations.

By way of illustration I refer to the minutes of a meeting of the North East Local Government Network to discover its thoughts about the changes. The minutes refer to the implications of state government elections for local government — I would be happy to go through the background — and a motion moved at the meeting states:

> That the minister be requested to defer the proposed legislation until adequate industry consultation and input has occurred.

The minutes continue:

> The main issue for local government … is that the state government has proposed this legislation without any real thought as to how it is to be implemented — —

Hon. R. F. Smith interjected.

Hon. R. M. HALLAM — They are not my words, Mr Smith, they are the words of senior officers across local government, and they wanted to know about the effect on individual municipalities. It is a bit different, is it not, from the criticism that was implied a few minutes ago from the other side of the chamber? The minutes continue:

> The unknown factor is what the minister might include in the ministerial codes.

This is terrible legislation. I would have been embarrassed to bring it into the chamber. The bottom line is that the government has not done the work; it has been caught out.

I was tempted to suggest that the opposition parties should introduce an amendment to the bill to the effect that the new legislation would be postponed until the Parliament had approved the codes. That would not have been a bad strategy.

A Government Member — You can't get over the fact that we are in government.

Hon. R. M. HALLAM — I was told that we should not be trying to prop you up; that this is bad legislation and we should allow you to sink or swim on it. I was motivated by the fact that we might get a better deal for local government because all this bill does is raise a whole range of question marks. It does not provide any solutions. It raises more questions than it answers. During the course of the committee stage the opposition will seek answers to all of those issues because opposition members think the bill is shoddy and ill prepared. The strategy from this side of the house is to allow the government to sink or swim on its own efforts.

I am not the slightest bit embarrassed about the introduction of compulsory competitive tendering, or about any component of the former government's reform agenda on local government. I think the previous Labor opposition was a bit jealous that the Kennett government was able to deliver.

In conclusion, the opposition will not oppose the bill. The concept of best value is supported by the opposition, as demonstrated by the genesis of the reform agenda while we had charge of the Treasury benches. Why would the opposition walk away from best value? Again I make the point — the legislation is bad and the best that can be hoped is to plug some of the holes during the committee stage.

Hon. JENNY MIKAKOS (Jika Jika) — It is with pleasure that I speak in support of the bill.

Honourable members interjecting.

Hon. JENNY MIKAKOS — I understand the opposition is also supporting it, although you would not know it after some of the speeches today.

The bill implements the government's pre-election commitment to abolish compulsory competitive tendering (CCT) and replace it with best-value Victoria. I am pleased the opposition is prepared to support the bill: the shadow Minister for Local Government — the Honourable Leonie Burke — and the Honourable Roger Hallam acknowledge that CCT warranted a review, particularly in respect of its impact on employment in small rural communities.

As a result of discussions with the Independent members of Parliament, the government has ensured that considerable emphasis will be placed on local employment in the quality and cost standards to be provided for in the new section 208D to be inserted by clause 4.

The model developed by the government is unique — it does not repeat the Blair model, which is regarded as being far too prescriptive, particularly in rural and regional communities. In moving to implement the model quickly the government has acknowledged that the CCT system impacts harshly on regional and rural Victoria.

A review of the research in the area reveals the unpopularity of CCT among local councils that had to implement it. A November 1996 report entitled *A Study of the Impact of Compulsory Competitive Tendering on Rural and Remote Areas of Victoria* was previously referred to by Mr Lucas. The study was undertaken by Peter Tesdorpf and Associates for a number of shire councils. In its survey of 38 non-metropolitan councils, the report found that 50 per cent of respondents reported no savings from CCT and three-quarters of the 50 per cent found CCT had been a net cost to councils. Ninety-five per cent of respondents reported additional costs from CCT ranging from $60 000 to $4 million. Increased costs were also found to be associated with the coordination of staff; advertising; postage; consultants; contract supervision; staff time and training; policy development; redundancy payments; new software; bid preparation; specification writing; lost productivity; loss of organisational synergy; duplication of accounting and finance functions and vast amounts of state government paperwork and recording requirements.

The creation of separate business units has also resulted in the loss of a whole-of-council approach. In addition, CCT has meant considerable legal costs associated with enforcing contract specifications; the cost of establishing business units; and the huge cost of redundancies and superannuation payments to departing council employees.

Compulsory competitive tendering has had a negative effect on the internal operations of local government, including in-house tender agreements and the consequent manager–provider splits, which were referred to by 80 per cent of the respondents to the study mentioned previously. The respondents said that in-house tender agreements effectively created two separate organisations, leading to demarcation problems, a lack of cooperation among staff, making organisations less flexible, and a decline in staff numbers, which gave councils less ability to redeploy staff. The report also found that CCT had led to deskilling, stress and low morale associated with the requirement to report to the relevant minister.

The report considered how a local bakery in Towong shire might be affected by CCT. It was found that even if CCT had achieved a 20 per cent reduction in costs — which was applied entirely to a rate reduction — if the contract were awarded to non-local residents the rate reduction enjoyed by the local bakery as a result of CCT would be less than half the profit the shire would have lost through one household leaving the town. The scenario assumes, of course, that the capping of rates and the enormous redundancy costs associated with CCT would not have precluded any savings from CCT being passed on. It serves as a useful example of the multiplier effect CCT can have on a small community.

The president of the Municipal Association of Victoria, Cr Brad Matheson, was quoted at page 11 of the *Leongatha Star* of 9 November 1999 as saying:

> There is no denying that CCT has had a harsh impact on the bush. The tendering of council services to companies in larger regional centres and the city has resulted in the loss of jobs locally and a decline in general services and facilities as people move elsewhere in search of work.

The abolition of CCT does not mean that those jobs will automatically reappear, but now councils will at least have a choice about how services are delivered and how that impacts on their communities. I am certain that rural and regional Victoria will welcome the bill and the end of the previous government's failed model.

I am also certain that the residents of my electorate will welcome the bill. I understand from figures provided by the Australian Services Union that 52 jobs have been lost in the City of Darebin as a result of the street cleaning and Meals on Wheels services being tendered out. In the City of Whittlesea, 60 jobs have been lost as a result of parks and gardens work, street cleaning, line marking and building maintenance being contracted out. In the City of Banyule physical services have been retained in-house. In 1996 alone about 150 jobs were lost across those three municipalities as a result of in-house tenders being based on reductions in staff of approximately 20 to 30 per cent.

The number of job losses is much higher when one looks back to the introduction of CCT in 1994. As members of the government know — particularly those who, like the Honourable Glenyys Romanes and me, have worked in local government — the previous government bullied local councils into complying with the arbitrary target of tendering out work worth 50 per cent of their total expenditure. In some cases locally elected councils were dismissed or threatened with dismissal.

Having spoken to many local councillors since September, I am certain that elected councillors across

Victoria welcome the introduction of the bill and the consultative approach of the new Minister for Local Government. In their discussions with me those local councillors have confirmed the absurdity of CCT, recounting situations such as council engineering and surveying departments forming business units and putting in tenders for services at twice the then current cost to council due to the absence of any real competitors. They have also told me of contracts that disguise a decline in service quality. For example, in the home help area, although CCT may have resulted in the price of meals falling, the intangible benefits of having council staff provide those services cannot be measured. Council staff provided companionship to senior citizens in our community, who looked forward to the staff visiting them to deliver their meals because it might have been the only human contact they had for the whole day.

Hon. W. R. Baxter — The meals are still being delivered, but not by council workers.

Hon. JENNY MIKAKOS — The problem with having private operators delivering meals is that those people are constrained by having to meet the budget stipulated in the contract. They cannot spend time talking to senior citizens or assisting them in unrelated matters. That goes to the heart of the problem with compulsory competitive tendering, which is the lack of a whole-of-council approach. For example, private operators cannot assist senior citizens with minor repairs in the kitchen or whatever else might be required, because that is not in the contract specification — they deliver the meals and they are out of there.

The people of Jika Jika in particular and the people of Victoria in general deserve better than compulsory competitive tendering. I welcome members of the opposition admitting that they were prepared to review CCT, because of the problems associated with the compulsory aspect of the previous system.

The application of best-value principles will ensure that local councils have greater flexibility. Rather than having to meet an arbitrary target of 50 per cent, councils will go to tender only when there is value in doing so. That will ensure that councils seek continuous improvements in the delivery of all their services, not just 50 per cent of them. The application of best-value principles will ensure that councils become more accountable and responsive to their local communities.

I turn to the provisions of the bill, noting briefly its key aspects and commenting on some of the issues raised by members of the opposition. Clause 2 provides that the bill will commence on the day it is given royal assent. Although CCT will effectively be abolished then, the government accepts the need for a transition period. Councils across Victoria will not be able to implement a new system from day 1. Councils will have until 31 December next year to develop a program to apply the best-value principles set out in proposed new section 208B of the Local Government Act. The best-value principles must be applied to all their services on or before — and I stress 'before' — 31 December 2005. Local councils across the state effectively have five years to ensure that all their services meet the provisions of the new legislation.

In accordance with the consultative approach applying to the best-value principles, councils must consult with their local communities, and the available time frame will enable them to do so comfortably. I note that proposed new section 208E sets out the relevant timetable under which councils must comply with the legislation. It is also important to note that proposed new section 208E(4) provides that councils are not required to comply with best-value principles in respect of a service until the expiry of any relevant agreements or contracts they may have with private operators. That means all existing contracts will not be affected by the bill, but once the contracts expire the best-value principles will apply.

Clause 3 inserts a new objective into section 7 of the Local Government Act. It provides that in addition to the other objectives set out in the act, councils must achieve best-value principles. Clause 4 substitutes the existing compulsory competitive tendering provisions in division 3 of part 9 of the Local Government Act with the new best-value provisions.

Proposed new section 208A, which is to be inserted by clause 4, makes it mandatory for a council to comply with the best-value principles. Proposed new section 208B relates to the best-value principles that must be complied with and emphasises that local government must be accountable and must regularly consult with local communities.

The principles set out in proposed new section 208B outline the standards councils must adopt to meet the needs of their local communities and emphasises the requirement to achieve continuous improvement. Proposed new section 208C sets out the factors that councils may or may not take into account in applying best-value principles. Those factors are intended to be indicative only. Councils are free to look at other issues that may affect their communities. Proposed new section 208D relates to the quality and cost standards that each council must develop.

I note that in referring to 'quality and cost standards' the bill draws a distinction between the approaches of the current and the previous government, the latter seeming to be concerned only with cost. The Labor government emphasises that maintaining and improving the quality of the services delivered by local government are major objectives that should be achieved by local government across the state.

Subsection (3) of proposed new section 208D specifies that councils must take into consideration the factors listed in paragraphs (a) to (e) inclusive of proposed new section 208C in developing their quality and cost standards. I note that paragraph (e) was the subject of discussions between the government and the Independent members of Parliament. The amendment was supported by the government because it is important to emphasise that all councils should take local employment growth and opportunities into consideration in developing their quality and cost standards. I am pleased to see that amendment in the bill.

I highlight the following matter, which was referred to by the Honourables Neil Lucas and Roger Hallam. Subsection (2) of proposed new section 208D talks about the performance outcomes that must be set out by each council for each service. The supposed lack of accountability under the new system was much talked about, but the subsection makes it clear that it will be a mandatory requirement of each council to report to its local community annually on the performance outcomes of each of those service standards. The key difference in that approach is that rather than reporting to the relevant minister, councils will be reporting to their local communities. Local councils and communities across Victoria will welcome that approach of consultation and reporting back, because it is a process they have not had to date.

Hon. R. A. Best — They have had the annual report since Minister Hallam introduced it, so what's new?

Hon. JENNY MIKAKOS — Previously councils were required to report to the minister but not to give their communities the chance to be informed or to consult with them in the development of those standards.

Hon. Bill Forwood — Weren't you on the Darebin council?

Hon. JENNY MIKAKOS — No, I was on the Northcote council. You need to refer to your handbook.

Hon. Bill Forwood — You were there with Nazih El Asmar!

Hon. JENNY MIKAKOS — Not at all. You need to check your facts.

I welcome the difference in approach, and I am sure my constituents will welcome it, too. Instead of being subjected to the heavy-handed approach of the previous government, local communities will be advised on an annual basis, in a way to be determined by their councils, on the outcomes and standards applying to their local services.

Proposed new section 208H relates to the much-talked-about ministerial codes. The provision allows the minister to publish one or more codes dealing with how councils are to give effect to the best-value principles. The code or codes will be binding, but they will be developed only in consultation with relevant stakeholders. That is provided for in proposed new section 208J.

In addition, the minister has announced the establishment of a task force to develop any code or codes and any guidelines that will apply under proposed new section 208I. The minister has announced that the task force will include representatives of Local Government Professionals, the Victorian Local Governance Association, the Municipal Association of Victoria, the Australian Services Union, and government and appropriate associations representing small rural councils. Although the group represents stakeholder interests, the task force will be required to consult widely.

Clause 5 seeks to repeal all the remaining provisions relating to compulsory competitive tendering that are not included in division 3 of part 9 of the Local Government Act. Clause 6 seeks to increase the minimum amount to be referred to tender from $50 000 to $100 000. That increase is in recognition of the high cost of putting small contracts to tender. Clause 7 gives the government the ability to introduce regulations in respect of matters arising under the new best-value approach to the Local Government Act.

I welcome the introduction of the bill in this sitting of Parliament. I particularly welcome the fact that local councils will now have 12 months in which to consult widely with their local communities on the implementation of a best-value program. I also welcome the introduction of a system that will ensure proper accountability and give elected local councils the flexibility they need to provide their local communities with quality, affordable services. I commend the bill to the house.

Hon. E. J. POWELL (North Eastern) — I am proud to be speaking on the Local Government (Best Value Principles) Bill, following two members on this side of the chamber who have a strong passion for and commitment to local government. The first of those was Mr Lucas, who has had 30 years in local government. That is a substantial amount of experience. The second was Mr Hallam, a former Minister for Local Government, who still has a strong respect and great affection for local government. He does not denigrate local government; he has a great love of it. I am proud to follow those honourable members.

The main purpose of the bill is to abolish compulsory competitive tendering (CCT) and replace it with best-value principles. The minister's second-reading speech suggests that that is a new approach. I go further and say it is a major reform of local government, which has had CCT for the past four years, and is now being told it will be abolished and replaced with a process about which honourable members are unaware of the guidelines or codes. The government is saying, 'We expect you to trust us and go along with it'. Later I will raise issues and concerns that I hope will be answered by the government in the committee stage.

My experience in local government is not as extensive as that of Mr Lucas. I have had six years experience in local government. I became a councillor with the Shire of Shepparton in 1990 and became shire president in 1993 when the council was told by letter that there would be major reform of local government. The council said, 'We do not have to take any notice of this. About 10 years ago Labor was going to do the same. If we all reject it and do not worry, it will go away and the government will drop it because it is not popular'. And that is what the former Labor government did. But over the next decade even the Labor Party saw a need to reform local government. There were 210 councils, with lots of duplication and inefficiency in many of them. Although the government is saying it has been a big-stick approach, with a lack of consultation, I can report first-hand that there was strong consultation and commitment from the state government to local government during that time.

The Municipal Association of Victoria was commissioned to coordinate various meetings at the time, and I was part of them in rural Victoria; but from what government members are saying it obviously did not occur in the urban areas because they still think there was a big-stick approach. For four to six months many of the councils met right across regional Victoria, examining how they could best fit into the restructure, and what was best for their communities. A number of councils formed a committee to travel around country Victoria and talk to other councils to discover whether there was a geographic interest or a community of interest. So in response to the suggestion that there was a big-stick approach and lack of consultation, I must say that nothing could be further from the truth.

I put on record my thanks to Leonie Burke, the member for Prahran in the other place, who was chairman of the Local Government Board, for her support to local government. She visited all of the electorates and spoke about the government's thoughts on changes of culture in local government to bring the communities on side. My council discussed the issues with community groups and Rotary clubs, and put notices in the newspapers to say, 'This is what will happen. Would you like some input into how your community will look in the future?'.

Many submissions came back and we took them on board. I am proud to say that after the 78 councils were formed, not many of those involved in the consultation process had an argument with the way the plan for Victoria was looking. In fact, many of the council submissions put forward were accepted. Opposition members of the day were saying, 'This is all being done without parliamentary input. We will not have any say'. That is certainly not the case. Many local government members during the period of reform understood entirely what was happening. We did have input, our communities had input and it was a very consultative process.

I place on the record my appreciation of the work of the then Minister for Local Government and the Kennett government for bringing those reforms forward. Victoria now has 78 viable councils as opposed to 210 councils, some of which were inefficient and did duplicate services. I was appointed a commissioner with the Shire of Campaspe after the councillors were dismissed. I took that position not because I wanted to be a commissioner but because not enough people with business or local council acumen were involved; and also, not many females put in their names to be a commissioner. I was in that position about one and a half years before being elected to this place, and the shire is still going from strength to strength after democratically elected councillors were returned. Many of the initiatives that the commissioners put forward were reaffirmed, and are still going to this day. It is a strong council and one of the best in Victoria.

Local government reform is not just about boundary changes, which is what the Labor government wanted. As Mr Hallam said in his contribution, it was about changing culture in local government, it was about the delivery of services in a more cost-effective, efficient

and accountable way, making it more open to the community. It was about going out to your community and discovering what services the ratepayers wanted. It was also about changing the culture of local government to look at its customer service and to be more flexible in service provision.

When I was a Shire of Campaspe commissioner part of my portfolio was compulsory competitive tendering. It gave me a great insight into the beginnings of CCT, the advantages and some of the disadvantages. Some issues that the government has spoken about are just not true. Ms Romanes said there was widespread hatred of CCT. That is simply not true. I do not know what councils she talks to, but in the country we do not have political councils. Councillors are elected from the community not for their political affiliation but for their interest in the community. So we do not politicise decisions on councils; we look at what is best for our community. It is a shame some councils have become political because then it is not about what is best for the community but what alliance they have with which political party.

CCT came in over three years. It was not a 50 per cent rule straightaway, and the council could choose which provision of services it wanted to put to the market. The council had the choice to say, 'We think we might put this up to test and see whether the private providers or our own in-house tenderers can do a better job'. The councils looked at their core business. They asked whether it was a service they should be providing or something that somebody else in the community could do more efficiently? That is one of the things that changed in local government. It stopped from being an organisation that provided any service at any cost to anybody to something that considered the cost of services, who its communities and providers were, and what it was doing, why it was providing a service and the best way it could possibly do it.

It also created new market opportunities. It tendered out for the work of other councils so that one council could tender for the work of the council next door and that council could get rid of its operations and hire the service provisions of its neighbour. In effect the community had the same level of service but at a much more cost-effective price. It also opened up local government to the private sector. There was always a view out there that local government meant jobs for mates. Many of the people I spoke to in the business community said, 'Finally, we can put a price in for a purchase or provision of a service or for selling goods'. It stopped being a case of jobs for mates on council and opened up to the best service and the best provision of goods.

There was also a view that local government would pay any price for anything, that it had heaps of money to pay for services or goods, and that if it did not have money in the coffers it would just raise the rates. However, in the tender process it had to compete against those in the private sector. That meant that the many people who provided goods and services to local governments had to sharpen their pencils and become a lot more efficient; councils were becoming competitive, and the services they brought in made them either less or more efficient. There was more reliance on looking at the cost of a service and whether somebody else could provide it better.

In the process there was also a better understanding of the costs of providing goods and services. No longer could there be just a best price or a notion that a service would cost a certain number of dollars. A council had to know how much a service would cost and let its ratepayers know that cost. More professional staff were employed in the process. Mention has been made of officers having to write out tenders and other such issues. That became an issue because people on staff had to know the costs of services and of administration. The process opened up local government to more professionals and resulted in its having a more professional career structure.

Government members have said much about the loss of services and jobs, yet in country communities many services were expanded. Meals on Wheels is one example. When I was a commissioner at the Shire of Campaspe it was one of the councils that consulted with the community. Meals on Wheels was different in each municipality. In one municipality the service provider would provide meals on Mondays, Tuesdays, Wednesdays, Thursdays and Fridays, and on Fridays would also deliver meals for the weekend. However, Campaspe believed that that was not appropriate and the tender required provision of meals seven days a week, including fruit juice and bread rolls. The council expanded the menu, and because the organisation which was hired included the expanded menu, a number of municipalities in the area inherited an expansion of their Meals on Wheels services.

Library services were also mentioned. Prior to compulsory competitive tendering (CCT) a number of smaller, isolated communities had to rely on mobile library services that came around rarely, briefly and usually stopped at schools. As part of its restructure the council of which I was a commissioner and many other councils held public meetings at which people were asked, 'If you want to have a better library service, how would you like to see it done?'. Some communities had populations of young children and wanted more

children's books. Other areas had many more older people and asked for different book types, such as large-print books. The issue of the changing of books was also addressed so that avid readers with special interests, such as gardening and so forth, could ask for books on those subjects to be brought back in. Those sorts of issues were taken up by many councils.

Councils also addressed library operating hours. They looked at relocating libraries in corner shops, which would open from about 7.00 a.m. until about 8.00 p.m. It meant that instead of going to a normal library or a mobile library that was in their area for perhaps half an hour people could go to a library during a 10-hour period and choose books at their leisure. Those are some of the things that were made possible in local government.

Another issue councils grappled with strongly was preschools. Many councils looked at funding and considered it inappropriate that many smaller preschools had to engage in fundraising to pay wages. They increased funding to those preschools to bring their funding up to the level of preschools in other municipalities so that fundraising could be directed to providing luxuries rather than the things that should be paid as a matter of course.

I could go on and on about service expansion and the consultations that went on in local government. I needed to put that on the record because I am sick to death of hearing that services were diminished, that a big-stick approach was taken and that local government was not consulted. I was in the unique position of being a councillor and a commissioner during those times, and I can say that the community at which I was located was not unique because I hear such stories from right across country Victoria time and again.

Hon. W. R. Baxter — Thanks for putting the record straight.

Hon. E. J. POWELL — I will also put the record straight about a number of concerns about CCT that were raised during the second-reading debate. One issue was that if a tender were lost, staff and equipment would go. As many honourable members would know, often when small towns lose employment they also lose children, schools, pharmaceutical services, and so on. However, as the Honourable Roger Hallam said, councils could benefit the community by choosing in-house tenderers. It was their choice, and many decided to tender out services because they found that it was more efficient.

It was said that if equipment were sold emergency jobs would not be able to be done and the community would be insecure and exposed. Many councils in my area hired private contractors to do emergency work. That meant they paid only for the work done and did not have the burden of huge lease payments on equipment used for only two months of the year. Small country communities benefited greatly from being able to sell off some big items of equipment. It meant they could put their money into things they needed instead of having plant and equipment sitting in a yard for months not being used. Many councils became entrepreneurial for the benefit of their communities and put back the money to where it was needed — into human services, such as Meals on Wheels, and so on.

I agree that the cost of tendering out many small contracts was quite prohibitive and could outweigh the value of doing so, particularly for advertising, drawing up of specifications, selecting of tenders, recording and monitoring. I support clause 6 of the bill, which increases the minimum compulsory tender amount in section 186(1) of the Local Government Act from $50 000 to $100 000. That is a good initiative.

There was also some discussion about smaller, isolated councils finding it difficult to get competitors to tender for their services, making it difficult for them to reach CCT targets. A case study used in a 1997 booklet entitled 'Competitive Tendering: Embracing CCT' refers to one of the nine councils in my electorate, the City of Greater Shepparton. At page 8 it states:

> Contracting the operations of the Shepparton Regional Saleyards has been fundamental to improvements in this council business, a facility that generates over $10 million of value-added works in the region per annum. Tendering the operation gave the council the opportunity to set a charter for a new style committee, leaving day-to-day issues with the contractors under the coordination of a council contract supervisor.

The day-to-day maintenance of the saleyards was contracted out to somebody who could do it very well — a private local provider who got more business. The council looked at the big picture — it had a vision for the saleyards in the region. The report further states:

> There has been a direct financial benefit to the council and the community in the form of annual savings of $150 000 in operating overheads and an improved service.
>
> A $350 000 capital works program over two years and an ongoing maintenance program, together with a marketing strategy which ensures exposure where market growth opportunities lie, are expected to further enhance the reputation and the performance of the saleyards.

Councils took up many of the great opportunities under CCT.

Turning to the achievements of CCT, under the system councils were required to reach a target of tendering out more than 50 per cent of services in the third year. Although two of the nine councils in my electorate did not meet the target they had good reasons for not doing so, which the minister accepted. The other seven councils exceeded the 50 per cent target. I am proud to say that Towong, Wodonga and Greater Shepparton tendered out between 60 per cent and 70 per cent of services, and the figure for Campaspe shire was 72.4 per cent. Many rural councils found it easy to achieve the target. Although they had to put only 50 per cent of their services to the market test they did more; and they would not have done that if they had not found it to be more efficient and effective. Those are the concerns about CCT, and best-value principles are not answering any of them either.

A number of areas of the bill, particularly from the point of view of smaller rural councils, present problems, and I will seek answers on those matters during the committee stage. I highlight them now so that the government is able to provide some answers in the committee stage. I am concerned about proposed new section 208B, which is headed 'Best Value Principles'. Proposed new section 208B(b) states:

> subject to section 6(1)(c), all services provided by a Council must be responsive to the needs of its community.

Many councils — for example, the City of Greater Shepparton and the Shire of Moira — have large non-English-speaking-background communities. If a council has to be responsive to the needs of its community, does that mean all information delivered by it must be translated into all the languages spoken in that community? Does it have to be in braille? Some of those questions may sound a bit silly, but when a bill says 'must be responsive', they are the sorts of things one needs realistically to examine. Isn't it a bit pedantic to talk about all the community, and aren't there some issues that can be looked at and the wording changed in some way? Councils in some of our diverse communities may not be able to meet the needs of all the people.

Proposed new section 208B(c) states:

> each service provided by a Council must be accessible to those members of the community for whom the service is intended.

There will be great disadvantages to some rural areas because the services have to be provided over a huge geographic area. Meals on Wheels are now provided by councils, but the delivery is done in a specific way where, for example, a relative may deliver the meals. It would be inconceivable to expect a council to pay for Meals on Wheels delivery to somewhere that may be 80 kilometres away. Is that what the government is talking about?

Has the government looked at the issues that will impact on rural councils? It talked about CCT impacting on rural councils, but the impact on services of some of the best-value issues needs to be looked at — for example, the home handyman service. Those sorts of services are provided by rural councils to certain people in their communities and need to be looked at in the context of the tyranny of distance.

Proposed new section 208B(d) states:

> a Council must achieve continuous improvement in the provision of services for its community.

I seek the indulgence of the bills committee, because the minister's second-reading speech, under 'Continuous improvement', has entirely different wording. The minister said:

> While councils will be encouraged to strive for continuous improvement in the service they deliver, the state government will not be imposing a prescriptive, audited regime on councils which forces them to meet state-imposed standards.

That is different, and I would like an interpretation on which wording we should be looking at.

Proposed new section 208B(e) states:

> a Council must develop a program of regular consultation with its community in relation to the services it provides.

How will it do that? What impost will it face? Will it be by means of surveys that it currently undertakes?

Proposed new section 208C(f) states that one of the factors to be applied in considering the principles is:

> the value of potential partnerships with other Councils and State and the Commonwealth governments.

It excludes business and the private sector. It is important when looking at local government partnerships that business and the private sector are also included.

The Honourable Neil Lucas referred to the implementation of the best-value principles. My concern is that under proposed new section 208E(1):

> A Council must, on or before 31 December 2000, develop a program for the application of the Best Value Principles.

Hon. D. McL. Davis — God knows what happens before that.

Hon. E. J. POWELL — That is my question. What system will the councils use from the time it must be developed until the time it is brought in, which is 31 December 2005? We need to know what system councils will use during that four or five years.

I am also concerned about proposed new section 208G, under the heading 'Report on Best Value Principles Compliance', which states:

> At least once every year a Council must report to its community on what it has done to ensure that it has given effect to the Best Value Principles.

As Mr Baxter said by way of interjection, councils have annual reports. They are also audited every year, so what other costs is the government imposing on councils by requiring them to do more reporting, given that they already report quite adequately?

Proposed new section 208H, headed 'Ministerial Codes', states:

> The Minister may publish in the Government Gazette one or more Codes in relation to how Councils are to give effect to Best Value Principles.

How will the minister compare rural councils with urban councils, and will there be different codes and guidelines for rural areas and urban areas, taking into account the population and the size of a municipality? Many issues need to be looked at. Further, what disciplinary action will be taken, if any, if it is decided best value has not been achieved by a local council? A number of issues need to be looked at before we can say that the introduction of best-value principles is the best thing for Victoria and not just a rehash of what is happening in the United Kingdom.

I have spoken to a number of CEOs and councils on the issue. Although they are not opposing it, they are not supporting it. They are saying things such as, 'The devil is in the detail'. We are being asked to support something where the codes and guidelines have not been put into writing.

Finally, the opposition does not oppose the bill. I have some reservations about best-value principles, and I hope those concerns are recognised and answered in the committee stage.

Hon. S. M. NGUYEN (Melbourne West) — I am delighted to be one of the government members to speak on the Local Government (Best Value Principles) Bill. As a number of speakers from both sides of the house have said, the bill is about the replacement of the requirement for compulsory competitive tendering (CCT) in the Local Government Act with an obligation to ensure that councils seek the best value in delivering services to their ratepayers. In discussing the bill we are not talking only about CCT but also about the reform of local government.

I have listened to many points of view from the opposition about the reform of local government under the Kennett government, and I have some concerns about the restructure — for example, the removal of the powers of councillors. The former minister and the department interfered with many councils. Councillors were sacked and commissioners were appointed. Some of those appointments were political appointments because some of the commissioners who were appointed were working with the Liberal or National parties.

Hon. W. R. Baxter — Such as? Name a few.

Hon. S. M. NGUYEN — There are quite a few. When in opposition we mentioned it many times.

Hon. W. R. Baxter — You cannot name one now.

Hon. S. M. NGUYEN — If the honourable member goes back to *Hansard* he will see that Mr Power referred to it many times.

The Labor Party talked about the lack of consultation in the community and the reorganisation, but it did not oppose the restructure of local government. It believed local government should be reformed and larger local councils should be created because that would save ratepayers money and at the same time deliver better services.

I refer to my time on the Richmond City Council. It was a small council that could not deliver many services, so it had to work with neighbouring councils such as Fitzroy and Collingwood to provide services. We worked together, but it is hard to work with other councils because they have different views, and they change at every election.

The former Kennett government's policies were inflexible with the result that services to ratepayers were cut. Reducing the number of municipalities from 210 to 78 caused a number of problems. Some municipalities cover huge areas, which has meant that services to small towns have suffered.

Unlike federal and state governments, local government is closest to the people and provides services such as fixing roads and footpaths, collecting waste, providing car parking and providing many other services that are required by local communities. As a member of Parliament I have to work with local government in

such areas as the provision of safety programs for local communities and the maintenance of services that are relevant to those communities. My electorate covers parts of the cities of Brimbank, Maribyrnong, Hobsons Bay and Wyndham. Federal and state members of Parliament meet with representatives of those cities every three months to acquaint themselves with the needs of the people in those regions. We may talk about the standard of the roads or issues affecting the safety of the community. Local government is important because it provides services to local communities.

The Bracks Labor government believes in the fundamental reform of local government in order to provide better services and will give responsibility for the provision of services to elected councillors. The government is abolishing compulsory competitive tendering and introducing best-value principles to make local government more flexible. It was the lack of flexibility that forced many councils to cut services to their communities, thus ignoring the concerns of ratepayers. The government wants to achieve best value for the community. The forcing of cost savings on local government does not mean that local communities will get best value for the services that are provided, and as a result communities may miss out on the provision of services.

The bill will have the effect of increasing employment in rural areas. In many small towns in rural Victoria people lost employment if the in-house team did not win the tender. In many cases that meant they had to move to regional centres. The best-value approach will mean the retention of skills and jobs in the community. Rural Victoria has suffered through the loss of employment and a declining population. The bill will facilitate action on the part of municipal councils to encourage employment growth and help retain employment in municipalities.

Under CCT jobs were lost, but with the best-value approach employment will be enhanced because councils will look at community needs. The requirement for councils to apply CCT to 50 per cent of the total expenditure will be repealed on the bill's receiving royal assent. Councils will have 12 months to develop a program for applying best-value principles to all services. That will enable each council to plan how to make the transition to a best-value environment. A council's best-value programs will take existing contract obligations into account in setting a timetable and consultation program for a review of its services. The bill will not affect existing contracts councils have entered into with external parties under CCT.

It appeared that members of the opposition were concerned that councils have to report to their communities at least once a year on how they had achieved best-value principles. It is important that councils report to their communities on what they have done in the previous 12 months.

The bill requires councils to demonstrate to their communities that they have achieved best value in their delivery of services and to report annually to them. The report could be made by newsletter or annual report or at a public meeting to which the community is invited.

The bill gives the government more power over how councils give effect to best-value principles. Councils will have more opportunities to consult with ratepayers, and the community will have more input into the way councils provide services. The provision of some council services is based solely on making cost savings. If the necessary confidence can be instilled in the community, organisations are more likely to meet to review services and report their findings back to council, thus ensuring the provision of better services in the future.

My electorate has many senior citizens from non-English-speaking backgrounds. Because of language difficulties many of those residents cannot gain access to council facilities such as senior citizen clubs. The same applies to members of ethnic groups who wish to find a soccer pitch: they also are unable to access council officers to ascertain when and how the available facilities can be used.

The council provides many services that the ethnic community does not use. I have spoken to many constituents, and their inability to access council facilities because of communication difficulties is a great concern. The bill will ensure that councils respond to community needs, that facilities are accessible to the people and that there is more consultation with the community.

After listening to the contributions made by members on both sides, I reaffirm my earlier support of the bill.

Hon. D. McL. DAVIS (East Yarra) — In commenting briefly on the Local Government (Best Value Principles) Bill, I speak in the context of the achievements of the former Kennett government, which were referred to so ably by the Honourables Neil Lucas, Jeanette Powell and Roger Hallam. Those reforms delivered a great deal both economically and socially by reducing council rates by up to 20 per cent across the state. The reforms also delivered economic benefits

through the lowering of the consumer price index, which had significant direct effects on business.

I will be interested to see the result of the bill's implementation. I commend the comments of the Honourable Jeanette Powell about the details in the bill. I am concerned that over time it will result in higher local government rates for both businesses and households. It is important to place those concerns on the record. I predict that over the next three or four years rates will steadily increase beyond any rise in the CPI. I hope I am wrong, but I strongly suspect that the controls will be inadequate and that councils will not be encouraged to test the efficiency of their significant areas of activity against the market and alternative providers.

I note the point made by the Honourable Jeanette Powell about councils providing services for neighbouring municipalities at efficient rates. That is only one example of the many good services being provided to local people without any negative impact on local and statewide economies.

Having raised its concerns the Liberal Party will view the implementation of the bill with interest. During the committee stage I shall be interested to hear how the government intends to enact certain parts of the bill. I note that no guidelines are provided. I believe a number of large unions, particularly public sector unions, will have an influence at council level, and it is extremely likely that over the next three to four years Victorians will see an unfortunate rise in council rates with a resultant negative economic and social impact on Victoria, particularly business.

Hon. R. F. SMITH (Chelsea) — I am pleased to support this bill. It will be a victory for commonsense over economic rationalism. It will return autonomy and democracy to local government in line with the promise of the Bracks government at the last election.

Arguments from the other side have outlined the different philosophies in the house. The opposition parties will pursue economic outcomes to any degree so long as they are more efficient, more productive, more profitable, cost less and save money. However, although the government wants to pursue a policy of achieving more productive systems in government departments it will do so with one added touch — namely, the human touch. The government will take into account the human factor.

If opposition members had visited works depots around Victoria when people were being lined up and told, 'See you later, here's your pay packet', they might have a different view about some of their previous policies and their impact on ordinary people.

Hon. W. R. Baxter — My ratepayers liked the 20 per cent rate reductions.

Hon. R. F. SMITH — Those ratepayers obviously did not work for the councils. I am sure honourable members opposite genuinely believed compulsory competitive tendering (CCT) was the right method. I do not think they deliberately set about trying to hurt people. However, I cannot believe that today I have not heard one member from the opposition benches admit that the former government had got it wrong. The Honourable Roger Hallam was like Pontius Pilate — he washed his hands of it. He said councils had the right to charge if they wanted to, they did not have to go for the lowest tender if they did not want to. One council had a quarter of a million dollars put aside for legal fights over the Kiwi company and it cost that much for it to settle. Tell that council it did not have to go to the lowest tender.

It will require political courage for opposition members to admit they were wrong. I am ever the optimist and hope at some stage they will agree that this bill should be passed. I have already heard that they will support it.

An Opposition Member — No, we are not going to oppose it.

Hon. R. F. SMITH — There are many examples throughout Victoria where CCT has failed. The Honourable Roger Hallam spoke about Mildura. Mildura probably had the best road gangs in the state. It was profitable and returned some $300 000 a year. I would have expected the former government to have lapped it up, but following amalgamations the commissioners came in and did their hatchet work. The jobs were lost, money went out of the shire and blow-ins from elsewhere came in to do the work.

Turning to East Gippsland, Mr Ingram, the honourable member for Gippsland East in the other place, has stated:

> At the last election many people in Gippsland East complained …

Hon. N. B. Lucas — On a point of order, Mr President, if the honourable member is quoting from a document from the other place I question whether or not that is in order. He has not indicated exactly where he is quoting from.

The PRESIDENT — Order! It is not permissible to quote from *Hansard* of the other place if the report is of

debates during the current session. It is possible to get material from other sources, such as newspaper reports. If the honourable member intended to quote what Mr Ingram said in the other place and that is recorded in *Hansard*, he may not do so. However, he may paraphrase what was said.

Hon. R. F. SMITH — It was remiss of me to forget the standards of the house. Forgive me, Mr President, it will not happen again.

Mr Ingram told me that his local constituents are very upset about CCT and the extra debt they have incurred as a result of the amalgamations, particularly through redundancies and superannuation liabilities. Some honourable members have said councils would have to pay those amounts in any case, but there seems to be a different view among ratepayers.

I refer to a situation at Hastings on the Mornington Peninsula that affected a couple of my friends who happen to be ordinary punters, road gang workers. When the shire contracted out work to Transfield shire workers were informed they would be retrenched. Some were told they would be lucky and that their jobs would be offered back on the following Monday. Transfield offered redundancies, headhunted who it wanted, and although about 65 per cent of the workers came back on the following Monday they were offered $100 per week less for performing the same duties they had been doing the previous Friday. What a disgrace! It is no wonder that some organisations are taking legal action to redress the injustice.

One of the many improvements in the bill is the new minimum compulsory tender amount — it has been increased to $100 000 from $50 000. Comments from honourable members on the other side of the house seem to suggest they support that. The government view is that it will lead to more proficiency and productivity.

The Labor Party believes the pursuit of more efficient and productive outcomes will lead to greater efficiency and productivity. We neither resile from it nor fear it. The best-value principles will allow local government to reflect local needs such as skill retention and jobs for local communities — something that does not happen now. This will lead to consideration of the economic impact decisions have on communities — again, something not allowed for by CCT. The bill is in the best interests of Victoria, and I wish it a speedy passage.

Motion agreed to.

Read second time.

Ordered to be committed later this day.

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 on this day.

Motion agreed to.

LOCAL GOVERNMENT (BEST VALUE PRINCIPLES) BILL

Committed.

Committee

Clause 1

Hon. N. B. LUCAS (Eumemmerring) — The minister may recall my comments in the debate that the government seems to have rushed in a bill that has little detail. As we look through the clauses relating to codes and things that have to be done it is obvious that the idea for the proposed legislation came from the United Kingdom. To begin, could the minister give us a background of the origin of the bill and the consultation that occurred in getting it together?

Hon. G. W. JENNINGS (Melbourne) — I seek leave to sit at the table.

The CHAIRMAN — Leave is granted.

Hon. C. C. BROAD (Minister for Energy and Resources) — In response to the question about consultation, that was a clear and explicit commitment of the Bracks Labor government that was extensively canvassed in the election campaign. No-one could have been in any doubt that the implementation of the policy would be a priority in the early stages of a Bracks Labor government, which is the purpose of the bill.

In the debate in the other place the Minister for Local Government referred to the United Kingdom experience. He made it clear that the bill is not a replication of the UK experience, that it has been developed explicitly for application in Victoria and that, more particularly, it is intended to be suitable for regional and rural Victoria — and on that basis, it will also be suitable for metropolitan areas.

Hon. N. B. LUCAS (Eumemmerring) — Does the minister accept that a lot of the detail still has to be worked out prior to the bill being enacted and implemented?

Hon. C. C. BROAD (Minister for Energy and Resources) — The government has given undertakings in the second-reading speech and in the debate in the other place about its commitment to extensive consultation on the implementation of the bill when it is enacted.

Hon. N. B. LUCAS (Eumemmerring) — Does the minister agree that a lot of the detail still has to be worked out before the bill can be implemented throughout local government?

Hon. C. C. BROAD (Minister for Energy and Resources) — As with all legislation there are details to be worked out, which the bill refers to in a number of places. The government believes it is important to provide for consultation before the details are put in place.

It would be unusual if all the details were set out in the bill without those affected being consulted. The government has explicitly rejected that method of operation. As I have already said, the government will proceed with all the necessary consultation before putting the details in place.

Hon. N. B. LUCAS (Eumemmerring) — Given the minister's answer, I assume that in future there will be a process of consultation prior to a bill being drafted or coming before the house.

Hon. C. C. BROAD (Minister for Energy and Resources) — I will not give undertakings on future bills that might come before the house. The approach the government adopts will depend on the nature of those bills. I will not deal in hypothetical examples. The committee is dealing with the Local Government (Best Value Principles) Bill, and I have already outlined the government's undertakings in relation to that.

Hon. N. B. LUCAS (Eumemmerring) — In the answer before last the minister said it was appropriate that there be consultation before the details in a bill are worked out. I took that to mean that it should apply to all bills. In the next answer the minister told the committee that that was not the case and that that applied only to the bill before the committee and not to all bills. Although I accept that the minister is interested in dealing specifically with the bill before the committee, what makes consultation on it so necessary when that will not be the case with other bills?

Hon. C. C. BROAD (Minister for Energy and Resources) — I cannot comment without knowing what the other bills are or what the hypothetical circumstances might be. However, the bill before the committee contains clauses that refer to the development of codes and guidelines, on which the minister has required that there be consultation. The house considered similar matters at length in debating another bill last week. The bill clearly sets out why consultation is needed.

Hon. N. B. LUCAS (Eumemmerring) — The Honourable Glenyys Romanes referred to the establishment of a task force to assist the government on the various aspects of the bill that are still to be worked out. Will the minister enlarge on the role of the task force, its membership, and when it will commence and complete its work?

Hon. C. C. BROAD (Minister for Energy and Resources) — The Minister for Local Government referred to those matters in concluding the debate on the bill in another place. The task force was referred to in relation to the implementation of best-value principles — and specifically, the development of guidelines and codes.

Hon. Bill Forwood — Not the guidelines again!

Hon. C. C. BROAD — That's right, here we go again.

Hon. Bill Forwood — It's not 3 o'clock in the morning!

Hon. C. C. BROAD — I don't know, at this rate we might get there yet. We are still on clause 1!

The membership of the task force will include the Victorian Local Governance Association, the Municipal Association of Victoria, the Australian Services Union and government representatives. If the opposition is seeking information about the timetable, I do not have it; however, I can ask whether it is available.

Hon. N. B. LUCAS (Eumemmerring) — Perhaps Mr Jennings could find out about when the task force will start its work and when it is expected to finish while I ask the next question. Do I detect a suggestion that professional bodies working in local government such as the Local Government Professionals organisation will not be represented?

Hon. C. C. BROAD (Minister for Energy and Resources) — To clarify that point, earlier I was referring to comments that the local government

minister made in another place. In addition to the bodies I have already referred to, in a bulletin to local government headed 'Best Value Victoria' the minister said representatives of the Local Government Professionals would be included, which I think is the body the honourable member was referring to, as well as appropriate associations representing small rural councils. The minister also noted that the task force would be required to consult widely, including with individual councils.

Hon. N. B. LUCAS (Eumemmerring) — Do you have any information on the timing, Mr Chairman?

The CHAIRMAN — Order! Is the commencement in clause 2?

Hon. N. B. LUCAS — No, I am asking about when the task force will commence and conclude its work. I am asking about an estimated time line.

Hon. C. C. BROAD (Minister for Energy and Resources) — The advice I have now been provided with is that the task force will begin its work at the end of January, and it is expected to conclude its considerations by the end of April.

Hon. R. M. HALLAM (Western) — I am reassured to hear the minister give the commitment about consultation. But although the minister says it would be a most unusual occurrence for a bill to come before this place with these issues unresolved if there were not a commitment about consultation, I suggest that is exactly the bill that was introduced into the Parliament in the first place. Proposed new section 208J, which requires the minister to consult, was not a feature of the bill as it originally came to Parliament. The peak organisations brought pressure to bear to have the government acknowledge the importance of that consultation.

This is not a frivolous goose chase. It is an important piece of legislation, but it has an incredible number of holes in it. It is most appropriate that the government give a commitment to consult with the industry before expecting that the bill should proceed on the basis of trust. It is important we get that commitment and I thank the minister for it.

Hon. C. C. BROAD (Minister for Energy and Resources) — I also point out that, following those representations, the amendment was moved by the Minister for Local Government. He was very pleased to include it in the bill following those representations.

Clause agreed to.

Clause 2

Hon. N. B. LUCAS (Eumemmerring) — Can the minister explain to the committee the expected date for royal assent? Will it be this week, next week, in 6 months, or 12 months away? Is it expected that as soon as the bill goes through both houses royal assent will be sought?

Hon. C. C. BROAD (Minister for Energy and Resources) — The intention of the government is that it should be within a matter of weeks, which is as soon as is practicable once the bill passes.

Hon. N. B. LUCAS (Eumemmerring) — Given that circumstance, I wonder about, for instance, proposed new section 208A, which states:

> A Council must comply with the Best Value Principles.

Those principles say that councils must meet quality and cost standards, among other things. If the bill receives royal assent, say, in the middle of January, and a chief executive officer of a council examines the bill and notes the lack of any detail in that there are no codes and the council has not had time to develop quality and cost standards, and yet the Local Government Act has been amended to say, 'You must comply with a whole lot of things that are yet to be detailed', what position is the CEO in, in that circumstance? Has the government considered that situation, and what advice would the minister place on the record as to how local government is to act from whenever the bill receives royal assent onwards, given the lack of detail about standards and the fact that councils will not have done a whole lot of things required under the new act?

Hon. C. C. BROAD (Minister for Energy and Resources) — The government has considered this matter, and once the bill becomes an act, CCT will go out of existence. It is necessary that from that time principles under the amended act are complied with as set out in proposed new section 208A, which was referred to. We are jumping around the clause somewhat here. I point out that in another area of the bill relating to where contracts are in place, there is provision for those contracts to continue. It was envisaged that as part of the process of implementation of best-value principles, councils would have, at the outside, up to 2005 to resolve the details.

Hon. R. M. HALLAM (Western) — I will cut to the chase here. Is the minister saying that we can expect to see this bill receive royal assent after the codes have been developed?

Hon. C. C. BROAD (Minister for Energy and Resources) — I believe I have already indicated to the committee that it is the government's expectation that the bill will be given royal assent within a matter of weeks. The consultation to which the government is committed in relation to the development of any codes that may be required clearly will not be completed in a matter of weeks. That is not simply a decision on the part of the government; it will also depend on the local government sector as to what it considers might be required.

Hon. R. M. HALLAM (Western) — Then I ask: given that honourable members all acknowledge the codes to be so important to the operation of the bill, why has the government chosen to arrange that the bill receiving royal assent before the codes have been developed?

Hon. C. C. BROAD (Minister for Energy and Resources) — Ministerial codes, which are referred to in clause 4, are not required to implement the bill. Ministerial codes may be developed for any matter dealing with how a council is to give effect to best-value principles. They may deal with a whole range of matters, but they are not required for the bill to become an act.

Hon. N. B. LUCAS (Eumemmerring) — So what we are hearing is that the bill will probably receive royal assent in the next say, month, and at that time the minister has said that each council across the state will have to comply with the provisions of what will then be the act, despite the fact that no codes will have been produced by the government and that the councils in question will not have had time to prepare quality and cost standards.

It is ludicrous that councils have to comply with this new provision in the Local Government Act where there is no detail. On the one hand, the minister is saying the councils have to comply with what is in the bill, which will be included in the Local Government Act in January but, on the other hand, when the local councils consider what has been included in the act there is no prescription as to what they have to do. There is a set of principles that are very general and they will be supported and enhanced in the future by a code and by quality and cost standards. A council will have to run everything it does, within six years, through this process, but the actual detail of the process at the moment is non-existent. I have a concern that local government will find it very difficult to handle the way the government amends the Local Government Act. What can the minister do to assure me that in January local government will not be left in a quandary about how it will implement something about which it has no detail?

Hon. C. C. BROAD (Minister for Energy and Resources) — If the committee wants to move along to discussing the best-value principles referred to in clause 4, I am happy to do that. To the suggestion made by the opposition that ministerial codes are required to give effect to or to implement the act, I reiterate what I have already indicated to the committee — that is, that it is stated that the ministerial codes will be drawn up only after consultation with the local government sector and other relevant government departments. They are to be developed by the state government and the local government sectors in partnership. The government will be only one of the participants in their development. That is not required to give effect to the legislation; it is provided for if called for in relation to aspects of the implementation of the act, but is not a necessary precondition to its implementation.

Hon. N. B. LUCAS (Eumemmerring) — I have listened to the minister's answer to my question about whether any assurance could be given to local government that it will be provided with more certainty about local government's having to comply with the legislation, and my suggestion that it is all to do with codes. I assume from the minister's answer that no such assurance is available and that local government will be left with a piece of legislation without any assurance, support or detail.

Clause agreed to; clause 3 agreed to.

Clause 4

Hon. E. J. POWELL (North Eastern) — I have a number of concerns about the best-value principles outlined in clause 4. Proposed new section 208A refers to the best-value principles to be followed and provides that councils must comply with those principles. What disciplinary action will be taken with councils that do not comply, if any?

Hon. C. C. BROAD (Minister for Energy and Resources) — I am advised that the bill makes no difference to the existing provisions under the Local Government Act in relation to any intervention at ministerial level. As is outlined in the bill and as has been indicated so far in the debate, the bill's emphasis is on reporting to the communities which elect councils and which are charged with putting into effect the best-value principles rather than the reporting requirements in relation to CCT on which the previous Kennett government placed so much importance. The

bill refers to requirements that councils report to their communities on a regular basis.

The CHAIRMAN — Order! I suggest it will make it easier for the committee to address the issues if when asking questions members refer to the part of clause 4 to which their questions relate.

Hon. E. J. POWELL (North Eastern) — Proposed new section 203B(b), which is substituted by clause 4, states:

> subject to section 6(1)(c), all services provided by a Council must be responsive to the needs of its community.

As I referred to earlier in relation to communities from non-English-speaking backgrounds, does that mean services must be translated into the languages of a community and that Meals on Wheels should have an ethnic menu?

Hon. C. C. BROAD (Minister for Energy and Resources) — I refer to section 6(1)(c) of the Local Government Act, which I understand is the purposes section, and particularly to its reference to equitable provision of services, which goes to the sorts of issues the honourable member is raising. I would expect that the detailed implementation would be worked out in the implementation stages of the act.

Hon. R. M. HALLAM (Western) — With respect, I do not see how that can be the case, Minister. You have told us that the government intends to proceed with the royal assent process before the codes have been developed. However, before I get to that, the new Local Government Act under proposed new section 208A will require the council to comply with the best-value principles. Mrs Powell was talking about the articles within the principles.

I remind the minister that the new law will say that each service provided by a council must be accessible — it will not say 'may', it will say 'must' — and that under the principles a council must achieve continuous improvement in the provision of services for its community. On the one hand the minister is saying this is all goodness and light, but on the other hand the government is imposing on councils a new regime and telling them they must comply with the principles without being prepared to prescribe what the principles will involve.

What will the advice to councils be? Are they to take it on some sort of trust and sit and wait until someone decides what the term 'best-value principles' actually means? How would the minister read a clause in the bill, which will become the law of the land, that says a council must achieve continuous improvement in the provisions of services for its community? Who will measure it? Where will it start from? Who will be the arbiter? The minister should remember that the law of the land will now say that a council must comply with the principles.

I go back to what I said in the first place. Will the government at least think about deferring the application of the intervention until such time as those it is trying to assist know what the law is about? Until it can be determined what constitutes continuous improvement and until it can be decided what the issue of accessibility means — the issue Mrs Powell raised — how can the government possibly expect that a local government will follow the details of the legislation?

The government is holding up legislation that will be an ass. On the one hand it has not delineated what the principles are, yet on the other hand it is saying to local government, 'Remember, you must comply with the principles'. I again ask the minister whether it is possible for the government to reconsider its position on the application? I am not arguing the principle of it; I am talking about the basis of its application. Given that the government cannot delineate what the principles are I strongly suggest that in the name of good government, if for no other reason, the government look again at the way the new regime is to be applied. It should be imposed on local government only when everybody understands the rules of the game and it has been determined through the process of consultation literally what constitutes continuous improvement and accessibility in respect of services. It goes on and on.

I am not being finicky. In my view I am asking for good legislation. If the legislation defies compliance, how can it be held up as a standard for others? The issue could be fixed by addressing the process of royal assent. I again urge the government to look at the fundamentals of good legislation and at least pay local government the compliment of introducing a regime with which it might possibly comply rather than committing it to something that is nonsense.

Hon. C. C. BROAD (Minister for Energy and Resources) — Let me be very plain in my response. The government has no intention of delaying the implementation of the bill. I have already outlined to the committee the explicit commitments the government has made for the early implementation of the bill as part of its election agenda. It appears the government's opinion of the capacity of local government to implement the principles is higher than that of the opposition. They are just that; they are

principles — for example, the principles involving accessibility are matters that local government clearly deals with on a daily basis in the management of the provision of services to its communities. The government's view is that local government will have no difficulty in applying the principles to its areas of responsibility.

Hon. N. B. LUCAS (Eumemmerring) — Does the minister accept and acknowledge that it is impossible for a council to comply with the first principles on the date of the royal assent of the legislation, or the day or week after, because the first principle states that the council must meet the quality and cost standards required under proposed new section 208D, which I assume will take a while to get together? Does the minister acknowledge and accept that it is impossible for councils to comply with that first principle immediately after the enactment of the legislation?

Hon. C. C. BROAD (Minister for Energy and Resources) — The government does not acknowledge that it is impossible for local government to comply with those principles. As I have already said, the government has a high level of confidence in the capacity of local councils, once they have the burden of CCT lifted from them and once the bill is enacted. The principle contained in proposed new section 208B(a) about meeting quality and cost standards required by proposed new section 208D is an area where councils will have, as specified elsewhere in the bill, up to a year to work out how they will comply to the detail required. That is sufficient time in the government's view.

Hon. N. B. LUCAS (Eumemmerring) — The minister has just suggested that another part of the bill provides that the councils will have up to 12 months to develop their quality and cost standards. The minister will acknowledge that she has probably made a mistake in saying that because the 12 months refers to developing a program for the implementation of best-value principles. It does not refer to one year for the preparation of the quality and cost standards.

The point I was making before was that it seemed impossible that if a council on, say, 15 January — I do not know if that is a weekday, let's say it is — finds that royal assent has been given to the bill it has to comply with the best-value principles. On 15 January it looks up section 208B and under paragraph (a) reads that it must meet the quality and cost standards. Will the minister indicate how the council will have those quality and cost standards in place on 15 January? If the answer is it has 12 months to prepare them, I cannot see that in the bill, and that means it cannot comply with those standards by definition for 12 months, yet it is meant to be complying with the principles. I think the minister is in hot water here. She may wish to clarify it.

Hon. C. C. BROAD (Minister for Energy and Resources) — Mr Chairman, it is certainly hot in here, but I do not know about water. I repeat that when the bill is enacted the principles will apply. As I previously indicated, councils have up to 12 months to develop the detailed application of the principles, which the honourable member has referred to as the program. However, it is correct that it will be only a matter of weeks before the bill is enacted, and as of that date the principles will apply. I reiterate that councils will be held accountable for applying the quality and cost standards through a setting of quality and cost standards, with which the local government sector deals on a daily basis. Councils are accountable to their local communities for those matters and that is how the government expects councils will go about applying those principles.

Hon. N. B. LUCAS (Eumemmerring) — I assume from the minister's answer that the heading next to proposed new section 208E is incorrect in that the minister is asserting that the implementation program, which is under the heading 'When the Best Value Principles are to be implemented', is not really the implementation program but is the time the council has available to it to prepare the quality and cost standards. That is strange. I return to what I see as a fact — that is, when the bill is enacted a council will have to comply with something that does not exist. That is basically what the minister is confirming. The minister says although the new act will state that councils will have to comply with principles which include meeting quality and cost standards, the councils do not have to comply with those standards because they will not be set for 12 months. The minister is suggesting that councils will not have to comply with the first principle.

Hon. C. C. BROAD (Minister for Energy and Resources) — I am giving no such indication. We are jumping around the proposed sections. If the committee examines proposed new section 208E, it will see it is intended that councils will have up to the end of next year to develop a detailed program for application. It is also provided that council must apply the principles to all services it provides on or before the end of 2005 — for example, councils will proceed to apply the principles on continuing contracts, which might occur in the year up to the end of 2000 or at any time up until the end of 2005. The bill has been drafted to deliberately provide that degree of flexibility. However, it is also clear that services may need to be addressed in the first year that the act will apply, and in the absence

of a program developed by councils they will still be required to adhere to the principles.

That is different from being required to adhere to a detailed program that councils are not entitled to have in place until the end of next year.

Hon. R. M. HALLAM (Western) — Mr Lucas got under my guard by raising a different issue. The committee was discussing the requirement, once the bill receives royal assent, for councils to comply with best-value principles. I assume the minister was being facetious when she said that members of the government have more confidence in local government than members on this side of the chamber. Proposed new section 208B(c) states:

> each service provided by a Council must be accessible to those members of the community for whom the service is intended.

The minister has said that principle should be dealt with by councils that deal with these issues every day and, therefore, should understand what 'accessible' is. That is not the appropriate response. The bill refers to accessibility in the context of best-value principles with which a council must comply. What advice do you give councils about accessibility? Someone has to determine the definition of accessibility. Who will make that determination, and what exposure does the council have at a later date if its assessment is unkind? Will councils be held up to ridicule because their test of the assessment is different from that of the minister?

Hon. C. C. BROAD (Minister for Energy and Resources) — Mr Hallam has again referred to ministerial codes. I remind him of my previous answer that ministerial codes are provided in the bill as options to be developed.

Hon. R. M. Hallam — I am not talking about ministerial codes, but best-value principles as set out in the bill.

Hon. C. C. BROAD — Honourable members opposite continue to mention ministerial codes, deliberately ignoring the response already given which indicates ministerial codes are not a requirement of the bill. They will be developed in partnership with local government if it is felt they will assist in the implementation of the provisions of the bill.

As already indicated, best-value principles are principles that local government should implement. I have already said that accountability is to local communities and it is up to councils to develop the details of how the principles will be implemented, taking into account their individual circumstances and the different requirements of the citizens. It is not intended that government will set out in detail how local government will determine these matters in consultation with their own communities to whom they are accountable. The government does not expect that councils will apply principles in ways which will hold them up to ridicule. The government expects councils will work through the details with their communities and implement best-value principles in a way that will have the support of local communities.

Hon. E. J. POWELL (North Eastern) — Proposed new section 208B(d) states:

> a Council must achieve continuous improvement in the provision of services for its community.

The minister's second-reading speech states:

> While councils will be encouraged to strive for continuous improvement in the services they deliver, the state government will not be imposing a prescriptive, audited regime on councils which forces them to meet state imposed standards.

I thought that was the idea of the bill, to have benchmarks and prescriptive best-value principles.

Hon. C. C. BROAD (Minister for Energy and Resources) — Given that the government has been explicit in saying that its intention is not to provide prescriptive requirements for the application of the principles, I am not sure how Mrs Powell comes to that conclusion. Councils in applying the continuous improvement principles will determine their own benchmarks for the provision of services for their communities and will set out a program for improvements. There may be considerable variations in the application of the principles over several years and at times the continuous improvement may be slower. It is a principle that councils will be required to strive for.

Hon. N. B. LUCAS (Eumemmerring) — Proposed new section 208B(e) states:

> a Council must develop a program of regular consultation with its community in relation to the service it provides.

Does the government have a view how often 'regular' is?

Hon. C. C. BROAD (Minister for Energy and Resources) — It is not the intention of the government to be prescriptive. The bill requires councils to report annually to their communities to give effect to best-value principles, so clearly that is a minimum. The

government believes consultation should occur more regularly.

Sitting suspended 6.30 p.m. until 8.02 p.m.

Hon. N. B. LUCAS (Eumemmerring) — Proposed new section 208B(e) states:

> a Council must develop a program of regular consultation …

Before the suspension of the sitting honourable members were discussing the meaning of the word 'regular'. The Minister for Energy and Resources indicated that under proposed new section 208G the council must report to its community at least once every year on what was happening about best-value principles. As I recall, at the end of her statement the minister suggested yearly was probably insufficient and that every six months or whatever might be more appropriate. Perhaps it should be left that way at present.

I refer the minister to another section of the Local Government Act concerning corporate planning. The minister may be aware that under that act every council must prepare a corporate plan. In preparing such a plan it is appropriate that the community be consulted because the corporate plan sets out the council's plans for the future.

Will the minister advise the committee whether the process of consulting with the community under proposed new section 208B(e) is a different process to the corporate planning process referred to in the Local Government Act which involves the council in community consultation before the preparation or upgrading of its corporate plan?

Hon. C. C. BROAD (Minister for Energy and Resources) — I am not entirely clear what the honourable member is driving at, Mr Chairman. So far as I am aware it is not intended that the bill should change the requirements of the corporate plan. Recently I was fortunate enough to attend the launch of an excellent council plan — the Moreland plan — in my electorate. Under proposed new section 208B(e) the consultation process a council might employ in the development of its corporate plan is a matter for the council itself to determine.

The proposed new section provides that councils must develop a program of consultation but it is not intended to be prescriptive about how the council does that.

Hon. N. B. LUCAS (Eumemmerring) — I assume from the minister's answer that when the council is preparing its corporate plan under section 153A of the Local Government Act it has the option of including the consultation under proposed new section 208B(e) in the same process?

Hon. C. C. BROAD (Minister for Energy and Resources) — That would be a matter for the council to determine.

Hon. N. B. LUCAS (Eumemmerring) — The council has the option of either having two consultations, one on best value and the other on corporate plan, or putting them both together. It will be the council's decision as to how that occurs. Proposed new section 208B(f) refers to reporting regularly, and states:

> a Council must report regularly to its community on its achievements in relation to the principles set out in paragraphs (a), (b), (c), (d) and (e).

I refer the minister to both that proposed new subsection and proposed new section 208G, which states:

> At least once every year a Council must report to its community on what it has done to ensure that it has given effect to the Best Value Principles.

What is the difference between proposed new section 208B(f) and proposed new section 208G?

Hon. C. C. BROAD (Minister for Energy and Resources) — Proposed new section 208B(f) specifies achievements in relation to the principles and proposed new section 208G, which relates to a minimum annual report, is obviously complementary. There is no inconsistency; it is simply a matter of a level of detail. Proposed new section 208B(f) lists the sorts of matters that one would expect a council would include in reporting to its community in ensuring that it had given effect as specified in proposed new section 208B to the best-value principles.

Hon. N. B. LUCAS (Eumemmerring) — I assume from the answer that it is quite in order for a council to include in its proposed new section 208G report each year the information that is required under proposed new section 208B(f)?

Hon. C. C. BROAD (Minister for Energy and Resources) — Yes, that is my understanding.

Hon. N. B. LUCAS (Eumemmerring) — Proposed new section 208C indicates a council may take into account a number of factors in applying best-value principles. In the briefing the office of local government indicated that it was acceptable to take into account one or two of the factors, but that it was not essential to take

them all into account. It seems strange that only one of the seven factors can be taken into account in applying best-value principles. However, in preparing quality and cost standards, proposed new section 208D(3) requires five of those seven factors to be taken into account. What is the difference?

Hon. C. C. BROAD (Minister for Energy and Resources) — Proposed new section 208C describes factors that councils are authorised to take into account. To use just one of the factors as an example, much importance has been placed in the debate on the matter of local employment being able to be taken into account in applying best-value principles and the effect that CCT has had in that respect. Proposed new section 208D requires a higher level of compliance for quality and cost standards and their development requires all of those factors to be applied and taken into account.

Hon. N. B. LUCAS (Eumemmerring) — I assume from the minister's answer that in applying best-value principles a council could, in a particular case, not take into account an assessment of value for money, or what the community expectations and values were, or the balance of affordability and accessibility to services, or the opportunities for local employment, or the value of potential partnerships under it, or the potential environmental advantages — it could apply best-value principles without taking into account paragraphs (b), (c), (d), (e), (f) and (g) of proposed new section 208C?

Hon. C. C. BROAD (Minister for Energy and Resources) — The bill was drafted to provide an indication of matters that the government would expect councils to take into account and it was considered by the government to be useful to articulate the sorts of factors that a council might take into account. However, as has been indicated previously, it is the government's view that the bill should not be overly descriptive and councils should have the flexibility to apply those factors that are relevant to a particular service that is under consideration. A council's considerations would be much more vigorous in relation to quality and costs standards.

Hon. N. B. LUCAS (Eumemmerring) — I assume from the minister's answer that in applying best-value principles a council could proceed without taking into account six or seven of those factors referred to in proposed new section 208C?

Hon. C. C. BROAD (Minister for Energy and Resources) — I refer the honourable member back to proposed new section 208B, which sets out the principles, and proposed new section 208C, which sets out a number of factors that are intended to be a guide as to how councils might go about applying those principles.

It is intentional that councils and local communities should be allowed flexibility in relation to the application to any service of principles set out in the previous section.

Hon. N. B. LUCAS (Eumemmerring) — Let the *Hansard* record show, Mr Chairman, that the minister seems to have confirmed that it is in order for councils to choose not to take into account the factors outlined under proposed section 208C.

Proposed section 208C(f) makes no mention of business or the private sector. This was raised earlier by the Honourable Jeanette Powell. Did the government leave out the business and private sector for some reason?

Hon. C. C. BROAD (Minister for Energy and Resources) — I refer the honourable member to paragraph (a) of proposed section 208C, which refers to the need to review services against the best on offer in both the public and private sectors.

Hon. N. B. LUCAS (Eumemmerring) — As I have said, that does not include the area of partnerships: paragraph (a) refers to reviewing services against the public and private sectors, and paragraph (f) refers to having potential partnerships. I note that the government does not wish either business or the private sector to be included in any partnership arrangements under best-value principles. That is a shame.

Proposed section 208D refers to quality and cost standards. Can the minister give some examples of what is proposed?

Hon. C. C. BROAD (Minister for Energy and Resources) — The clause sets out the requirement that:

> (1) A Council must develop quality and cost standards for the provision of any service it provides for its community.
>
> (2) A quality or cost standard must set out the performance outcomes determined by the Council in relation to each service …
>
> (4) A Council may develop different quality and cost standards for different classes of services.

It is clear from the clause that the standards are to be developed by councils in consultation with communities, having regard for the services which they provide. It is a matter for councils to develop in implementing the legislation.

Hon. N. B. LUCAS (Eumemmerring) — I assume from the minister's answer that she is unable to give an example of a quality and cost standard. People reading both the question and the minister's answer in the *Hansard* report would assume the government has no idea what a quality and cost standard would look like or sound like. Does the minister wish to confirm that?

Hon. C. C. BROAD (Minister for Energy and Resources) — On a daily basis councils provide services to their communities to which they apply quality and cost standards. The provision can be read in relation to the business already engaged in by councils, which would be the starting point for implementing the legislation.

Hon. N. B. LUCAS (Eumemmerring) — Proposed section 208G refers to a council reporting to its community at least once every year. Was the minister advised whether the government would wish such a report to be audited or whether only statistical information in the report should be audited?

Hon. C. C. BROAD (Minister for Energy and Resources) — A provision of the Local Government Act already requires councils to publish audited information about their financial statements. Clearly that requirement will continue. As to the additional requirement that they report to their communities on giving effect to best-value principles, again the bill has been framed to give councils some flexibility in determining with their local communities the best form of reporting. It is not prescriptive about what must be included. For example, although the option exists to develop the ministerial codes in partnership with the sector if, as the implementation unfolds, it is considered useful, that is not prescribed in the bill.

Hon. N. B. LUCAS (Eumemmerring) — I assume from the minister's answer that it will not be a requirement that the information provided to the community under proposed new section 208G will have to be audited. That is worthy of note. Proposed new section 208H indicates that the minister may publish one or more codes. Can the minister indicate when it is expected the first of the codes will be published?

Hon. C. C. BROAD (Minister for Energy and Resources) — As is clearly indicated, and as I have already stated, the codes are not a requirement for applying the legislation. They are optional. They would be developed in partnership with government if the sector expressed the view that they might be useful for particular matters. One example might be the minimum details that quality and cost standards might contain, as was discussed earlier. There is no timetable or any prescription that codes need to be put in place. However, the local government body must be consulted with, as referred to in proposed new section 208J, before any such code is developed and published.

Hon. N. B. LUCAS (Eumemmerring) — Proposed new section 208H(2)(a) provides that a code may specify how often the best-value principles are to be applied to a service. Proposed new section 208A provides that a council must comply with the best-value principles, which are then set out. The bill implies that those best-value principles are to be applied to all council services. Indeed, proposed new section 208E(3) provides that:

> A Council must apply the Best Value Principles to all of the services it provides …

However, I assume from proposed new section 208H(2)(a) that that will be only every now and then and that if there is a code it 'may' specify how often the principles are applied to a service.

Will the minister give the committee more information on when the government would expect the best-value principles to be applied to services? If no code is developed, to which the minister referred in her last answer, the proposed amendment to the act gives no indication of how often the principles should be applied. To take the longest time, under proposed new section 208E(3) it might happen only once every five years. How often does the government intend the principles should be applied to a particular service? Is it once in five years or a bit more often?

Hon. C. C. BROAD (Minister for Energy and Resources) — As to what proposed new section 208H(2)(a) is intended to refer to, bearing in mind that the application of the codes is not a requirement, I am advised that if a code were developed the most obvious things it might refer to include the circumstances in which a service, or the particular community that it is being provided for, might undergo some significant change. Depending on the period over which a council might contract a service, they might be matters that are taken into account in assessing how often the best-value principles are to be assessed. Those would be matters to be worked out if such a code were proposed.

Hon. N. B. LUCAS (Eumemmerring) — I assume from the minister's answer that the government has no idea about how often it would require the best-value principles to be applied to a service. I am keen to find out whether it is once every five years or once every six months. The minister gave a nebulous answer. I am keen for those local government people who will be

reading *Hansard* to know how often the government expects such principles to be applied to a service. Is it once a week, once a year or once every five years?

Hon. C. C. BROAD (Minister for Energy and Resources) — Let's be clear about this. The best-value principles apply once the legislation is enacted. The proposed new section refers to what a ministerial code may deal with and how often the principles are to be applied to a particular service. That does not in any way detract from the overriding requirement that the best-value principles apply from the enactment of the legislation.

Hon. E. J. POWELL (North Eastern) — Proposed new section 208H(1) says:

> The Minister may publish in the *Government Gazette* one or more Codes in relation to how Councils give effect to the Best Value Principles.

Will the minister take into account the differences between urban and rural councils, and more particularly the populations and geographical size of some of Victoria's more remote country municipalities?

Hon. C. C. BROAD (Minister for Energy and Resources) — The Minister for Local Government has said that in developing ministerial codes particular regard will be given to the needs and requirements of rural and regional councils. His view is that if codes can be developed that are suitable for those councils, there will be no difficulty in applying them to the metropolitan area.

Hon. N. B. LUCAS (Eumemmerring) — I believe that the committee has provided additional information on the bill. That will be good for local government, because it will be able to read *Hansard* to find out more about what the bill proposes.

I feel a little sorry for the Minister for Energy and Resources, who is the representative in this place of the Minister for Local Government, because she has drawn the short straw in having to defend a bill that is ill-conceived and has not had the preparation it needs. It is fair to say that the bill shows that the Labor government was not ready to govern. The government has rushed into this, saying, 'We have to get rid of compulsory competitive tendering and replace it with something'. It is obvious from the bill that that 'something' will be worked out as the government goes along.

I thank the minister for the answers she has given, which have been based on the information provided by her advisers. That information will give local government more certainty about where it is heading. However, as sure as night follows day, come the middle of January or whenever the bill receives royal assent councillors, chief executives and other local government officers all around the state will be scratching their heads about what the heck the legislation means. It is patently obvious from examining the bill and considering the information the minister has given in committee that much of the detail has not yet been decided and that the government has not had the time or received the advice it needs to get its act together.

I thank the minister for the information she has provided. Local government will be slightly better off when it reads the record of the committee discussion. If I were the minister representing the Minister for Local Government, I would probably feel embarrassed about the bill. However, it is not her fault; it is the fault of the local government minister in the other place and the others who put forward this ill-conceived piece of legislation.

It is my hope that when the bill is enacted the government will get on with the job and sort out the codes to assist councils to understand what the legislation means. The people running $50-million councils need to be certain about where they are heading because they have to deal with many other issues on a day-to-day basis.

Thank you, Mr Chairman, for your endurance. I am happy not to object to the passage of the bill.

Clause agreed to; clauses 5 to 7 agreed to.

Reported to house without amendment.

Remaining stages

Passed remaining stages.

MELBOURNE SPORTS AND AQUATIC CENTRE (AMENDMENT) BILL

Second reading

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

> That this bill be now read a second time.

The purpose of the bill is to amend the Melbourne Sports and Aquatic Centre Act 1994 to rename the Melbourne Sports and Aquatic Centre Trust and extend the functions of the trust to manage the State Netball

and Hockey Centre and, potentially, other sports, recreation and entertainment facilities and services.

The Melbourne Sports and Aquatic Centre Act 1994 created the Melbourne Sports and Aquatic Centre Trust, whose functions were to oversee the design, construction and operation of the Melbourne Sports and Aquatic Centre at Albert Park.

The trust is recognised by both the public and the industry as highly capable in facility management. The trust delivered the construction and commissioning of its primary facility on time and on budget. Since opening, that facility has exceeded operational targets and attendance projections for both major sporting events and the general public.

The trust has considerable facility management experience which may be better utilised by the state. The bill will establish a framework to permit the involvement of the trust in the development and management of the State Netball and Hockey Centre and, subject to the approval of the minister, other key sports, recreation and entertainment facilities and services, should this be appropriate at some future time.

The trust has a strong record in community consultation in Albert Park, in conjunction with the City of Port Phillip, and has achieved an excellent balance between elite sports, including events, grassroots sport and community recreation programs at the Melbourne Sports and Aquatic Centre.

The development of the State Netball and Hockey Centre in Royal Park is a key element in Melbourne's ability to stage major sporting events such as the 2002 World Masters Games and the 2006 Commonwealth Games as well as state and national sporting competitions.

Importantly, an estimated 270 000 people will utilise the redeveloped Royal Park facilities each year, more than 90 per cent of whom are involved in club level activities. The trust will work closely with tenant sports, the Royal Melbourne Zoological Gardens and the City of Melbourne, to ensure a coordinated approach to event scheduling, car parking and traffic management within Royal Park.

The bill expands the responsibilities of the Melbourne Sports and Aquatic Centre Trust and amends its name to the State Sport Centres Trust, with powers to manage the State Netball and Hockey Centre and to carry out functions at other locations in addition to Albert Park and Royal Park.

The bill will enable the trust to undertake management responsibilities at the State Netball and Hockey Centre, including facility design, fit-out and refurbishments, the development of operational systems, negotiation of licence and lease agreements with principal user groups and the power to make by-laws with respect to entry fees and charges.

The government is sensitive to the range of stakeholder interests in and around Royal Park. To provide an ongoing consultative framework, the bill provides for the establishment of an operational advisory committee incorporating representatives of the trust, the City of Melbourne, the Zoological Parks and Gardens Board and other interested parties for regular consultation on issues of shared concern.

Aside from management responsibilities, the bill contains a range of administrative changes and housekeeping matters which will contribute to the effective management of the centre. These changes include:

the conclusion of the committee of management of the centre once the act is proclaimed;

the establishment of a single fund with two separate accounts to reflect the financial performance of each facility;

the establishment of separate business plans for each facility for the approval of government.

The proposed expanded powers of the trust are consistent with those currently available to the Melbourne and Olympic Parks Trust. The carrying out of those functions and exercise of those powers are to be subject to the prior approval of the minister.

Tenant sports netball and hockey will still retain a great deal of autonomy in the conduct of competition and programs, with the trust value adding to increase broader access and oversee the maintenance and control of a significant government investment.

The bill furthers the government's commitment to supporting the development and professional management of public sport, recreation and entertainment facilities and is consistent with the government's policy objectives for building Victoria's sporting life.

I commend the bill to the house.

Debate adjourned on motion of Hon. P. R. HALL (Gippsland).

Debate adjourned until next day.

PUBLIC PROSECUTIONS (AMENDMENT) BILL

Second reading

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

That this bill be now read a second time.

In Victoria the position of Director of Public Prosecutions was created by the Director of Public Prosecutions Act in 1982. Up until then, prosecutions for indictable offences were handled by the Criminal Law Branch of the Crown Solicitor's Office. Presentments were signed by the Attorney-General, the Solicitor-General or Prosecutors for the Queen.

As Mr Ian Cathie said in his second-reading speech, on behalf of Mr John Cain who was the Attorney-General at that time, a major aim of the Director of Public Prosecutions Act 1982 was:

> … to remove any suggestion that prosecutions in this state or, indeed, the failure to launch prosecutions can be the subject of political pressure.

The Director of Public Prosecutions Act 1982 achieved this aim by establishing the DPP as an independent prosecuting authority whose salary and conditions of employment are equivalent to a Supreme Court judge and who can only be removed from office by a resolution of both houses of Parliament.

In 1994 the Director of Public Prosecutions Act 1982 was repealed and replaced by the current Public Prosecutions Act. Members in this house may recall the circumstances at that time.

In particular, they may recall that the enactment of the Public Prosecutions Act followed indications that the then Director of Public Prosecutions, Mr Bernard Bongiorno, QC, was considering initiating contempt of court proceedings against the Premier at that time, Mr Jeff Kennett, for comments that Mr Kennett had made following the arrest of an alleged serial killer. The new Public Prosecutions Act contained a provision, section 46, stating that, with limited exceptions, only the Attorney-General may initiate such proceedings.

Section 46 was the subject of extensive debate in the other house. In the course of that debate the then Attorney-General, Mrs Jan Wade, appears to have relied upon two arguments in favour of section 46.

Her first argument was that contempt proceedings are unusual in that they raise wider issues than other proceedings. They involve a balancing between the need for a fair trial, which could be jeopardised by publication of certain prejudicial material; and the right to freedom of speech. It was suggested that the Attorney-General, rather than the DPP, is in a better position to strike this balance.

In the government's view it would be wrong to suggest that the DPP is unable to properly perform such a task. Clearly a decision to prosecute for contempt in such circumstances involves a consideration of the public interest; but so do many other decisions to prosecute in relation to other offences.

The former Attorney-General's second argument in favour of section 46 was that, since most contempt proceedings are brought against third parties to ensure that the defendant receives a fair trial, it is wrong for the DPP to be responsible for prosecuting the defendant while at the same time also being responsible for ensuring that the defendant's trial is fair by deciding whether or not to bring contempt proceedings against third parties.

The government rejects this argument on three grounds.

Firstly, without any foundation the argument assumes that the DPP would disregard his or her duties under the Public Prosecutions Act and under the Prosecutorial Guidelines. Secondly, if the DPP considers that he or she does face a conflict of interest in such a case, the Public Prosecutions Act enables the DPP to refer the case to the Attorney-General. Finally, it has to be remembered that the DPP is not the only person who can bring contempt proceedings. So even if a DPP did disregard his or her duties by deciding not to refer the matter to the Attorney-General and by deciding for tactical reasons not to bring contempt proceedings, it would still be possible for the Attorney-General, or for that matter the defendant, to bring the contempt proceedings anyway.

This brings me to another aspect of section 46 that was not debated by Parliament at all when it was introduced. Section 46 not only removed the right of the DPP to bring contempt proceedings, it also substantially reduced the common-law right of ordinary people to bring contempt proceedings. This aspect of section 46 was highlighted in 1995 when a group of Papua New Guinean villagers tried to bring contempt proceedings against BHP regarding its behaviour during a case brought by the villagers against BHP in the Supreme Court of Victoria. The Supreme Court found that BHP had committed a contempt, but when the case was appealed to the Court of Appeal it was found that section 46 had removed the villagers' right to bring the contempt proceedings at all.

The bill before the house repeals section 46. In so doing, it expressly revives the common law with regard to the bringing of contempt proceedings that applied in Victoria before section 46 came into force on 1 July 1994.

The bill also strengthens the independence of the position of Director of Public Prosecutions by in effect transferring the provisions dealing with the appointment of the DPP and the terms and conditions of that appointment from the Public Prosecutions Act to the Constitution Act 1975. Clause 10 of the bill entrenches those provisions in the Constitution Act so that in future they may only be repealed or amended by a bill passed by an absolute majority of members in each house of Parliament. The transitional provisions in the bill ensure that the present incumbent, Mr Geoff Flatman, QC, retains his position as DPP on the same terms and conditions.

The bill substantially enhances the independence of prosecutorial decision making in Victoria from governmental or political interference and in so doing it implements a key election policy.

The bill represents an important component of this government's strategy to promote open and accountable government in Victoria.

I commend the bill to the house.

Debate adjourned on motion of Hon. C. A. FURLETTI (Templestowe).

Debate adjourned until next day.

PARLIAMENTARY COMMITTEES

Membership

Hon. M. R. THOMSON (Minister for Small Business) — By leave, I move the following motions in relation to the appointment of committees:

House Committee

That the Honourables G. B. Ashman, R. A. Best, J. M. McQuilten, Jenny Mikakos and R. F. Smith be members of the House Committee.

Library Committee

That the Honourables the President, E. C. Carbines, M. T. Luckins, E. J. Powell and C. A. Strong be members of the Joint Committee to manage the library.

Printing Committee

That the Honourables the President, Andrea Coote, Kaye Darveniza and E. J. Powell be members of the Joint Printing Committee.

Privileges Committee

That a select committee of five members be appointed to inquire into and report upon complaints of breach of privilege referred to it by the Council, and that the committee have power to send for persons, papers and records, three to be the quorum; and that the Honourables W. R. Baxter, D. McL. Davis, C. A. Furletti, M. M. Gould and G. W. Jennings be members of that committee.

Standing Orders Committee

That the Honourables the President, G. B. Ashman, B. W. Bishop, G. W. Jennings, Jenny Mikakos, G. D. Romanes and K. M. Smith be members of the select committee on the standing orders of the house; three to be the quorum.

Economic Development Committee

That the Honourables R. A. Best, G. R. Craige, Kaye Darveniza, N. B. Lucas, J. M. McQuilten, W. I. Smith and T. C. Theophanous be members of the Economic Development Committee.

Drugs and Crime Prevention Committee

That the Honourables B. C. Boardman and S. M. Nguyen be members of the Drugs and Crime Prevention Committee.

Environment and Natural Resources Committee

That the Honourables R. F. Smith and E. G. Stoney be members of the Environment and Natural Resources Committee.

Family and Community Development Committee

That the Honourables G. D. Romanes and E. J. Powell be members of the Family and Community Development Committee.

Law Reform Committee

That the Honourables D. McL. Davis, D. G. Hadden and P. A. Katsambanis be members of the Law Reform Committee.

Public Accounts and Estimates Committee

That the Honourables Bill Forwood, R. M. Hallam, G. K. Rich-Phillips and T. C. Theophanous be members of the Public Accounts and Estimates Committee.

Road Safety Committee

That the Honourables A. R. Brideson and E. C. Carbines be members of the Road Safety Committee.

Scrutiny of Acts and Regulations Committee

That the Honourables M. A. Birrell, M. T. Luckins, Jenny Mikakos and C. A. Strong be members of the Scrutiny of Acts and Regulations Committee.

Motions agreed to.

GOVERNOR'S SPEECH

Address-in-reply

Debate resumed from 7 December; motion of Hon. C. C. BROAD (Minister for Energy and Resources) for adoption of address-in-reply.

Hon. E. J. POWELL (North Eastern) — I am pleased to have the opportunity finally to respond in the debate on the address-in-reply to the Governor's speech. It is interesting that I was one of the few members of Parliament who during the state election held last September was not only not in Victoria but was not in the country. I had the honour to represent the Victorian Parliament at the Commonwealth Parliamentary Association conference held in Trinidad and Tobago. It was fairly daunting being out of the country when such an election was going on in Victoria. About 400 delegates from the 54 commonwealth countries attended the conference. By 2000, 53 of those countries will be members of the CPA.

When the results of the Victorian election were received there was disbelief among the contingents from right across Australia because Victoria had its highest ever levels of employment and private investment, and the highest level of migration back to the state on record. Even delegates from Labor states had a high regard for the former Premier, Jeff Kennett, and the coalition government, for the way they turned around Victoria and its economy. The results of the three recent elections show how volatile the electorate currently is.

I belatedly welcome new members on both sides and suggest to them how daunting it is to be in this place. I say 'belatedly' because the house has been sitting for the past four or five weeks. New members have to get used to many procedures and protocols. It is a steep learning curve. Ministers who have not previously been members of Parliament face a particularly steep learning curve. I wish them all the best.

It is pleasing, as a member of the class of '96 new members, to be able to hand over the mantle to the class of '99 new members. All the best to all the new members. I also congratulate new members on both sides of the house on their inaugural speeches. It is always pleasing to know why people come into this chamber. The speeches reminded those of us who have been here a little while of why we came here — of the compassion and ideals that led us to put ourselves in public office, where we come under such strong scrutiny.

There will be some criticism of speeches made by government members, some of whom talked about social conscience and social justice. I say as a member of the National Party that Labor members do not have a monopoly on those ideals. Because of the views on social conscience and social justice that came through strongly in a number of speeches by government members I put on the record that many honourable members on this side also have a strong social conscience and believe in social justice.

It is a great honour to be elected to this place. Sometimes honourable members become immune to the austerity of it and start to take it in their stride. However, none of us must forget that this is where legislation for the Victorian public is made, that it is a great honour to hold such an office, and that it is important to retain the greatest respect for that office.

One of Labor's election promises, to which the Governor referred in his speech, was to establish clear plans, strategies and targets to address the urgent needs of rural and regional Victoria. As a National Party member who represents country Victoria, I can say — as I am sure many country Liberal Party members would say — it means a great deal that what country Victoria has to offer has been recognised and is now valued by Labor. We are small in number but we contribute a lot to the wealth of Victoria and Australia. People need to be reminded time and again that there is a need to value country Victoria.

I remind the Labor government that rural Victoria is not just regional centres such as Ballarat, Bendigo and Geelong; it is also smaller centres such as Shepparton, Wodonga, Wangaratta and Echuca, all of which are in my electorate, as well as the many small, isolated towns along the way. They are all part of country Victoria and need to be given assistance. Although I agree that regional centres must be helped, many of the larger towns I represent rely heavily on a strong agricultural base. It cannot be stressed enough that farming communities and the state's agricultural base must be looked after. Some members of farming communities feel they are not valued or recognised. The government needs to address that issue and ensure it continues some of the important programs the former government put in place for country Victoria.

Programs of the former government include Farmsmart, through which farmers were advised of current trends in information technology and current issues. Work was done with some farming communities in looking at what was being done on family farms and assessing whether that was the right way to go. Farms go through such planning processes, as do businesses, because they are businesses. Farmsmart needs to be enhanced. It needs to be made better and bigger, not dismantled. I hope the government picks up on some of the programs the former government put in place and works with the strong rural backbone of our country.

Another initiative of the former government that is still needed is the provision of rural counsellors to help farming communities work through some of their issues, such as dealing with debt and looking at new markets, new ways of working on their farms or new ways of providing for families. Many young people leave country areas because they feel there is no future in rural Victoria. I suppose they feel that way because at the end of the day farmers want money in their pockets. It is a great ideal to have billions of dollars worth of exports but at the end of the day many farmers may not have money in their own pockets and may leave the land. The government must ensure it recognises the work of farmers.

A primary initiative of the former government was recognising women on the land. Women have a very important part to play in the life of country Victoria. Many are managers of farms or work the farm while their husbands supplement the family's income elsewhere. The work done by women in agriculture must be recognised. In seminars around Victoria known as 'Growing the Farm Business' the former government worked with women on the land to let them know there was help and support available and to provide them with information that may not have been readily available to them on the farm.

Another initiative I have referred to in the house previously is the rural women's leadership bursaries program, through which each year 20 rural women are given the opportunity to become leaders in their community by learning leadership skills and building their confidence to speak out as members of boards and committees.

It is well documented that many rural women do not feel as though they have a voice at the decision-making table. I urge the government to ensure it recognises the contribution of women on farms.

The Labor government also supports Victoria's multicultural society. I notice its policy states that it wants to see the multicultural community grow and flourish. My electorate is a diverse multicultural society. Probably more than anywhere else the ethnic families work and live together cooperatively. The government must work with those communities to ensure they have support and recognition for their contributions to Victoria's wonderful cultural heritage. I understand the government will introduce programs to ensure the multicultural community understands that we acknowledge their presence and the contribution of their culture to Victoria.

An area of difficulty in North Eastern Province is the settlement of a number of Iraqi families from war-torn areas. They are leaving detention centres and coming to my electorate without notice. They have special needs — houses, education, places of worship and meeting places — that the government should ensure are met. Many members of our community already have, or have the network to ensure they have, houses of worship or meeting places. This group, which comprises about 350 families, including 1000 children, is finding it difficult to settle because it does not have those networks. As I said, the Iraqis have come from a war-torn country. They are political refugees who have been given asylum here. They are under protection visas and have every right to expect us to meet their special needs.

Last week I raised the issue with the Minister assisting the Premier on Multicultural Affairs, Mr Pandazopoulos, and he has taken the issue on board. He will visit the region and talk to the Iraqi community to ascertain how the government can support those families and help them settle in our communities in a more positive way so that the different communities are not fragmented.

I also put on record the work of Vicki Mitsos, the president of the Ethnic Council in Shepparton, not only for the Iraqi community but for all the ethnic communities in the Goulburn Valley region. Currently she has been inundated with requests to meet the special needs of a unique group of people.

I was disappointed that the government's policy did not make much mention of our Koori community. The area I represent in north-eastern Victoria has one of the highest Koori populations outside Melbourne. That is another community in Victoria with special health and education needs, and certainly special employment needs. The house should pay tribute to the former minister, who used to come to our community and work cooperatively with the Koori community. I urge the government to pick up on the issue of our strong Koori heritage and to work with a number of rural

councils that have Kooris in their communities to ensure the support is put in place.

Another important sector of the rural community is our senior citizens. We have a significant ageing population, not only in country Victoria but across the state. Strategies need to be put in place for our senior citizens. I applaud the Labor government's policy which says it has an innovative transport plan to link the state's regional cities and towns through the provision of good and safe transport. I ask the government to go one step further and include accessibility, because many rural people are not able to access train travel to Melbourne seven days a week.

I urge the Labor government to pick up a National Party policy and support the commitment to our senior cardholders to have the same benefits as their Melbourne counterparts and have seven-day-a-week concessional travel to Melbourne. At the moment they have three days a week but if a senior citizen went to Melbourne on the Monday, had an appointment and was asked to stay over on the Tuesday for extra counselling or treatment, he or she would have to pay full fare home because the second day is not included in the concession. While other communities in Victoria are able to use those concessions, some of our country citizens do not have the same level of service. I urge the government to examine that issue and to make concessional train travel available from rural centres to Melbourne. The issue was brought to my attention by the Goulburn Valley Association of Independent Retirees which works tirelessly on behalf of their Goulburn Valley community.

As my province is an agricultural region I was pleased to see the Labor government recognises and aims to enhance Victoria's reputation as a producer of clean green food. That was a high-profile priority of the former government. It put in place many programs to support the strong and vital agricultural industry in Victoria. I have already invited the Minister for Agriculture, Mr Hamilton, to my electorate. He has indicated he will visit North Eastern Province to meet with the various industry bodies. It is important that the minister travel to country Victoria and make himself known to those agricultural industries.

The area I represent is diverse. It contains some of the major industries in Victoria and Australia. I will name some of the industries in the Goulburn Valley — I am sure most, if not all, will be recognised by honourable members: Kraft Foods, Campbell Soups, Heinz, Nestlé, Rosella, SPC, Ardmona, Cedenco, Simplot, Bonlac, and Murray Goulburn. My electorate is known as the food bowl of Australia and it did not get that name just by chance. The area has worked hard to create that clean green image, and I look forward to working with the government to ensure those programs are kept in place because more than 25 per cent of Victoria's agricultural output comes from my electorate.

In order to keep that clean green food image government and industry must fund and promote the work of research institutes. In my electorate a number of those institutes are involved in research and development and it is important that the government continues funding research and development. We are proud of the research institutes in the north-east: Kyabram Research Institute; the Rutherglen Research Institute; and Victoria's largest agricultural institute, the Tatura Institute of Sustainable Irrigated Agriculture, which is a world-class facility. We are proud of that facility and hope to keep the high standards that come out of it. There is also Dookie College, a Melbourne University campus of agriculture.

Over the past three years my electorate has been inundated with a number of diseases that cost the people who work on the land millions of dollars in income. The diseases include: ovine Johne's disease, a disease honourable members hear about time and again; a fire blight scare about two years ago; and recently fruit fly and anthrax. The spread of those diseases would be catastrophic. They must be investigated by research industries and managed properly. I urge the government to ensure programs and money are put in place to keep our world's best research centres working with our agricultural communities because millions of dollars worth of money is lost when stock and fruit are quarantined. It is a huge loss to people on the land.

Recently there has been some discussion about changes to this house. It was not an issue that concerned my constituents during my discussions with them prior to and after the election. I acknowledge the Labor Party has reform of the upper house as part of its policy, but it was not an issue in my electorate. I do not have a problem examining the way the house works or even making some changes to its operation, but I do object to the sweeping changes advocated by the Labor government. Houses of Parliament never stay exactly the same and there may be some benefit in making minor changes. It is probably not right to say that the house operates at its best all the time and perhaps we should make sure we get best value for the people we represent.

The upper house has an important role in reviewing legislation. It is not a rubber stamp but a house of review. It should be accorded respect, and as members

of this place we should ensure it works to the benefit of our communities.

I am impressed by the variety of skills and different backgrounds, including non-English backgrounds, of new members, as was indicated in their inaugural speeches. Some come from England, as do I, or from other countries. I do not believe that proportional representation will provide better representation or a broader cross-section of members. Members of this place already represent a broad cross-section of the community and bring with them many different skills, experiences and beliefs. It is not right to say that honourable members do not represent the broader community.

I am particularly pleased about recent discussions aimed at the linking of schools, TAFE institutes, employers and the community in a planned approach to post-secondary education and training. I have been associated with the Northern Industry Education Board for the past four or five years, and that is exactly what it does — it links the tertiary and secondary education communities with the broader community and other networks. The board covers the City of Greater Shepparton and the shires of Campaspe, Moira and Strathbogie. This morning I lead a deputation to the Minister for Education and the Minister for Post Compulsory Education, Training and Employment. The ministers were represented by officers from their departments. The delegation received a good hearing.

I hope when funding for the Northern Industry Education Board ceases at the end of this year the government will commit itself to further funding its activities. The work the board does in linking broader communities with industry and schools and in providing training for young people to keep them in country Victoria is vital for industry and to ensuring young people stay in their communities. Without training there will be no jobs. I hope the ministers can commit to funding the board so it can continue with its work. The outcome of my request will be a test of the commitment to partnership Labor has espoused in its rhetoric.

Earlier I referred to the food bowl of Australia. An article in the *Shepparton News* of 22 November entitled 'Food bowl boom', states:

> An $8 million food processing plant to be established at Cobram is the latest in a line of food production expansions to deliver more jobs and economic growth for this region.
>
> The announcement on Friday that Ausfresh would employ about 200 people at its new antipasto plant in Cobram came just days after Heinz announced a $10 million baby food factory in Echuca which would create 85 new jobs …
>
> In other recent food industry developments:
>
> > A Tatura developer has just opened a $4 million warehousing complex used jointly by Tatura Milk Products and Snow Brand Tatura Dairies for dry storage and refrigerated storage.
> >
> > A $6 million expansion at the Kyabram Amcor can manufacturing plant has resulted in an extra 50 jobs in the past 12 months.

The private sector is investing heavily in country Victoria. I thank the Minister for State and Regional Development for visiting Echuca and Cobram and announcing the good news. I pay tribute to the work of the former coalition government, particularly the former Minister for Industry, Science and Technology, for the work he did with those companies, because national companies do not set up businesses in country areas without months of negotiation. I was pleased when the negotiations concluded and industry was attracted to country Victoria.

The Labor government has made a number of promises to country Victoria. As a country member of Parliament I am delighted there is recognition of the value of country Victoria. Although only 28 per cent of the population lives in rural Victoria, the contribution it makes to the wealth of the state should be recognised. Following the recent by-election in the Legislative Assembly seat of Burwood, country Victorians have put everyone on notice. It has a strong voice and it is not afraid to use it. The former coalition government inherited a massive debt when it came to office and had to make a number of unpopular decisions to turn that debt around. The Labor government has inherited a massive surplus and I urge it to manage the state much better than did a former Labor government.

Hon. R. M. HALLAM (Western) — I am delighted to join the debate. I convey the greetings of the electors of Western Province to Sir James and Lady Gobbo. One of the good things that has happened to me as a member of this place is meeting the Governor and his gracious Lady. I have had the chance to welcome them to my electorate and to see the Governor operate at first hand. He has an awesome reputation in legal circles, yet when he is among the people he is most disarming and charming. He has won the hearts and minds of those who have had the good fortune of meeting him. In many ways it is remarkable that a person like Sir James can become the Governor of the state; it is appropriate and spectacular that a first-generation migrant can rise to become the state's leading citizen. It says a great deal about our community and our democratic system.

I know that events since 18 September have not been easy for many, and I include Sir James in that. I

congratulate all honourable members on their election to this place. I acknowledge, as has Mrs Powell, that we come to this chamber with a feeling of opportunity and a sense of great responsibility. I offer words of wisdom to new members — take this experience for what it is worth. The spectacular responsibility we all share goes beyond partisan politics.

Sir James and I both know that his speech to Parliament was written by the Department of Premier and Cabinet, so I know he will forgive me for saying that the views expressed in the speech were not exactly his.

It is traditional to blame a former government for every ill known to mankind and for a new government to luxuriate in the honeymoon period. Notwithstanding that, I am neither embarrassed nor apologetic about the record of the Kennett government. Rather, I am proud of its achievements during its seven years in power, and my colleagues share that pride.

The coalition did not win the election on 18 September. It takes its defeat on the chin and cops the verdict of the electorate. I acknowledge that honourable members on this side of the chamber did not communicate well enough with the electorate, particularly in rural areas. However, the outcome is more about perception than fact. That is not a reflection on Victorian voters but an acknowledgment that the Kennett government's success depended on taking the community with it, and it did not do that well enough.

However, I relate an old story for those enjoying the other side of the coin: in politics the fundamental difference between leading and following is indistinct where the two merge. I am not embarrassed to say that my objective in politics is to provide leadership to my community rather than simply following where popular politics might take me. That is important to note, particularly when we are living in a globalised economy and communities are heavily dependent on their performance in the international and trade-exposed sectors.

Communities must contend with not only an unprecedented rate of change but also the need to accommodate that change. That can be achieved in two ways. People can act like ostriches, burying their heads in the sand and allowing events to overtake them, or, as I would prefer, government can prepare people for the inevitability of change. That sentiment is shared by my colleagues on this side. It is not easy being in front of the pack; it can become lonely at the head of a reform agenda. However, I acknowledge that the community has spoken.

I am sorry that I cannot remember who the new minister was who said in the address-in-reply debate that the Bracks government would put compassion back into government. I know interjections are unruly but I may have said at the time that it is easy to be compassionate when one can afford it. It was necessary for the former government to bring the economy under control before it started doing anything that looked like compassion!

I remind honourable members that the former government inherited an economic situation dramatically different from the one that now exists. That remark is not made with bitterness but simply to record the facts. When the former Kennett government came to power the state debt was awesome in its dimension. Victoria was drowning in a sea of debt that was recognised by the financial world to be so vast that the state's credit rating became a source of embarrassment.

The cost of servicing the debt increased dramatically because of the international finance sector's verdict. Although the Kennett government came to office only three or four months into the financial year, Victoria was already $2.5 billion behind on the budget. Had the former government met the detail of the plan left to it by its predecessor the state would have been some $2.5 billion further down the tube at the end of the budget year. The previous Labor government had added between $2.5 billion and $3 billion to the state's debt just to run the operation, and on top of that it was borrowing to meet recurrent expense.

The fourth leg of the quadrella was a disillusioned and disappointed public sector. Confidence was lacking both in the public sector and at the top end of town. I am proud that the former Kennett government turned that situation around. When speaking in the other place the Honourable Pat McNamara used a quote of mine — that we can take heart from the fact that we inherited a basket case and turned it into a showcase in seven years. Although that may not be recognised in this chamber, across the nation plenty of people are prepared to recognise the dimension of that turnaround. I am happy to be judged on the former Kennett government's stewardship of the public purse. Although it may not be politically smart, my new colleagues on the other side could learn some good lessons from the way in which the former Kennett government went about managing the public purse.

What has the Labor Party learnt from its seven years in the wilderness? The tide will turn. I am prepared to acknowledge that where honourable members on this side once sat our political opponents now reside.

However, the chamber will go on after the next change and the one after that and the one after that. It will still be here when the names of those who sit here today have long been forgotten. It is important that all honourable members take time to learn the lessons of history.

In considering what the Labor Party has learnt, so far as I can glean members opposite still believe in Santa Claus. Although Labor had Access Economics sign off on the party's promises leading up to the election — a very smart move — there were a few holes in the brief.

Hon. R. F. Smith interjected.

Hon. R. M. HALLAM — I take heart, Mr Smith, from the fact that at least Labor saw the importance of appearing to be financially responsible and set about gaining the credibility of Access Economics. I remember the rhetoric. I heard about open and accountable government, about the improved operation of Parliament, and about equality, decency, fairness and confidence, but when I cut through all of that the facts of the first few days under Labor told me that Victoria had been promised more teachers, more nurses, more police and more funds for private schools, country hospitals, rural infrastructure, country roads, country rail services and country rail service standardisation.

Victorians heard that Victoria's taxes and charges were much too high and that Labor was totally committed to reducing the state's tax profile to that of the national average, which is a pretty good benchmark. They learnt that Labor was committed to substantial operating surpluses for each state budget — a commitment I endorse, and even applaud — and I am delighted to see that Labor is totally committed to the application of the surplus towards a further tackling of the state's debt.

Hon. R. F. Smith interjected.

Hon. R. M. HALLAM — I am pleased to have that on the record, Mr Smith, and you will find me in absolute unanimity on that fact. I was also pleased to learn that the surplus would be directed in part to the application of the unfunded superannuation liability. I was delighted to learn that Victoria's problems were over. I heard the Honourable Candy Broad say there was no need to worry about Victoria's unemployment rate because the government would have it back to 5 per cent. I concluded that the mob on the other side still believed in fairies at the bottom of the garden. It had said it would fix everything with a bit of this and a bit more of that, and that the budget would be under control. Coalition members wondered what they had been worried about. I did not know why the former government took so long to learn the lessons. The new kids on the block had the solutions all the time and knew what was wrong with the economy.

Let me pose a few questions to the new gurus. Firstly, where will the funding come from? Labor has not expanded the state budget. Honourable members who read the small print will see that taxes will come down because the government has committed to bring taxes down to the national average — —

Hon. R. F. Smith interjected.

Hon. R. M. HALLAM — I know Labor has an enormous advantage, Mr Smith, because it has started with a surplus the former government left in its path.

Hon. R. F. Smith — Don't think that we are ungrateful for it.

Hon. R. M. HALLAM — We gave you the keys to Aladdin's cave in the form of $1.7 billion. How long will that last? What services are going to be axed to bring the budget into balance? What efficiencies have to be introduced? The finger was pointed at some bureaucrats in my former department. Victorians were told 264 senior bureaucrats — I do not know where that magical figure came from — would go down the lift well in the Department of Treasury and Finance. Mr Bracks said that was a bit too tough and he would take half of those bureaucrats. Now only 132 senior bureaucrats will go down the lift well. The fine print reveals that many of those 264 were not people at all — they were unfilled positions. When the sums are done there are some big holes.

Honourable members interjecting.

Hon. R. M. HALLAM — I want to know from where the savings will come when the figure of 132 bureaucrats is compared to the promised extra police, nurses and teachers. For the record, I do not believe you lot — I do not think you have learnt anything! You cannot deliver.

The opposition parties will stand by and watch government members sweat because they are the ones who have made the grandiose promises, ignored the reality of the budget and promised everything to everyone. The debate we have just had is a classic example of that. Labor promised it would get rid of compulsory competitive tendering not expecting to be in government. In its next breath it had to deliver, and that is much harder to do. It is easy to wave the wand and offer the magic solution when in opposition, but now Labor has the responsibility of delivering on its promises.

Members of the opposition parties will watch government members day and night. We will be there when they go to bed at night and when they get up first thing in the morning, and will hold them accountable for every single promise they thought of. Government members should understand what the responsibility of government is about. They are not running some backyard business, this is a $26 billion enterprise and they are totally unprepared.

To their relief opposition members heard that the promises had been costed by Access Economics. The government had borrowed some legitimacy from Access Economics. My questions flow from that. What about the promises that were not included in the brief? I looked at what had been given to Access Economics. It was a severely audited list of promises, and many items did not make the cut.

Were the promises made to the Independents on the list that went to Access Economics? Let me talk about just one: the environmental flows down the Snowy River. Today an interesting question about the environmental flows down the Snowy River was asked at question time.

We all like Banjo Paterson. We are all romantics at heart. We love the history of early Victoria. I still have a pair of spurs, but — —

Honourable members interjecting.

Hon. R. M. HALLAM — My family goes back further than yours. I know about the early history.

If the savings can be demonstrated to the irrigators and can be delivered to provide the additional flows down the Snowy River, the cost to the state will be about $100 million for just 25 per cent of the environmental flow that was promised. For those who are mathematically articulate, that means $300 million has to come from New South Wales. Guess what! They do not like the first sound of the sum because the security of the water for irrigators in New South Wales is dramatically less than in Victoria. If — and it is a big if — the savings could be delivered and demonstrated, it does not mean the balance could be obtained from New South Wales; or that we have agreement with South Australia and the commonwealth. Leaving all that to one side, did the government tell Access Economics, 'By the way, we promised 28 per cent flow down the Snowy.'? No! That is the first thing you will have to cloud out on, unless you promised to deliver by 31 December.

I do not suggest that the opposition is not supportive of environmental flows in the rivers. For the record I shall illustrate: Victoria led the commonwealth into providing environmental flows down the rivers in the Wimmera–Mallee system. The future was put on the line by its arguing that it was appropriate to pipe the open-channel system underground to save valuable water lost to evaporation and soakage and to use the savings to bring life back to the rivers that had been harnessed.

The bona fides of the opposition are established. It is agreed that it has delivered. So its position on the Snowy is not an argument against environmental flows. If Victoria can deliver, my colleagues and I will be supportive. My point is that $100 million has slipped through the net. No-one thought of costing the proposal. So when the government runs the concept of having the bottom line authenticated by an undertaking from Access Economics, it does not wash because it was only given what the government thought appropriate.

Honourable members interjecting.

Hon. R. M. HALLAM — Access Economics was given what the government thought would get it past 18 September, and it will come back to haunt it. That is just one example of what the opposition intends to keep the government accountable for. Opposition members will watch every promise, commitment and undertaking, document them and ensure that the government delivers. Every time it fails, the opposition will remind the government and the world of the failure, so government members should understand what government is about.

As an aside I have to mention the concept of accrual accounting. When the Liberal–National Party coalition came to government in 1992 it had to contend with the most basic form of cash accounting I have ever come across. Governments of both persuasions had been able to manipulate and camouflage the accounts — and they had done so for generations. The former government changed that. Now the movement of the cash is no longer catalogued; instead, the commitment is catalogued. Now the picture at the end of the process is what is held up to the view of the Victorian community. Governments can no longer manipulate the balance at the end of the year by bringing income forward or deferring expenditure. Whatever happens, that is what will be reported to the community. On that basis the government faces a big challenge indeed.

I refer to some of the specific issues in the Governor's speech. I was bemused — I almost said intrigued, but I am not allowed to use that word — by the comments about privatisation. I will quote from the Governor's

speech as reported at page 3 of *Hansard* of 3 November. It is evidence of the government's nervousness about privatisation, born of several years denigration of it. The speech contains a commitment that the government will:

> … defer any further privatisation of public assets or long-term contracting of government services, until an independent inquiry has assessed experience to date.

There was a flat denial of privatisation or contracting out, but on the next page the following appears:

> … the government has an innovative transport plan to link the state's regional cities and towns with Melbourne … It will arrange for feasibility studies on a number of major improvements. Working in partnership with the private sector …

On one page the government is saying, 'We're not having anything to do with that terrible mob in the private sector', and on the next page it talks about harnessing the private sector and being in partnership with it! The government cannot have it both ways. It might fool some of the people some of the time, but it will not fool everyone all the time. The Governor's speech further states:

> The government will contribute $20 million for a fast rail upgrade to Bendigo …

I am sorry Mr Best is not here. If the previous government had known it could get a fast rail upgrade to Bendigo for $20 million, it would have had several of them.

Hon. R. F. Smith — You need only one.

Hon. R. M. HALLAM — I know we need only one. The government says, 'We're not having anything to do with that terrible private sector', but in the next breath it says, 'We're going to jump into bed with it because that's the only way we can get the fast rail service to Bendigo. Oh, by the way, we will have the same thing for Traralgon and Ballarat'. It is an interesting juxtaposition. It is a classic case of wanting your cake after having eaten it. The government says it will have nothing to do with privatisation until it suits its purpose, at which point it proposes getting into bed with the same people it now denigrates.

I refer to the dairy industry. In his speech the Governor said the government will develop a dairy industry plan. Here is another example of the government's playing populist politics.

Hon. T. C. Theophanous — You didn't?

Hon. R. M. HALLAM — I note that Mr Theophanous has just entered the chamber. I put on the record the warning that the government will play populist politics with the deregulation of the dairy industry to its eternal cost, because it will come back and bite the government where it hurts most! I notice I have lost members on the other side because they do not have the good fortune to represent dairy farmers in this place.

Hon. K. M. Smith — Not too many do.

Hon. R. M. HALLAM — For the record, I do — and proudly so. The Bracks Labor government offered to conduct a poll of dairy farmers because it considered that to be the easiest way to placate the critics. The government believed that conducting a poll would give it a chance to say that although the previous government had not listened to dairy farmers, it was listening and the poll was evidence of that.

My question to the government is: what happens after you have conducted the poll? You are no longer in opposition. You cannot take a lackadaisical, laissez faire attitude to the issue and try to be everything to everyone. You have to show some leadership! The deregulation of the dairy industry is understood by most respected observers and players in the industry to be inevitable. A Senate committee chaired by a Democrat considered the issue — —

Hon. R. F. Smith — That's a bit of class.

Hon. R. M. HALLAM — You used the words. Again the conclusion is that deregulation is inevitable.

Hon. J. M. Madden interjected.

Hon. R. M. HALLAM — I know it is not of much interest to you because you do not represent the industry, but I will come to the point. The federal government has offered a dairy reconstruction package of $1.8 billion, about $760 million of which is earmarked for the Victorian industry. The government says, 'We will conduct a poll because although you lot wouldn't listen, we intend to'. What happens when the poll is completed? That's what I want to know. The government has two simple choices: it can have deregulation with the $1.8 billion survival plan or it can have deregulation, cold turkey. I tell you lot opposite — —

Hon. R. F. Smith — What if we don't do it?

Hon. R. M. HALLAM — That's my point precisely. I represent a big slab of Victorian dairy farmers. If you arrange it in such a way that Victoria

loses access to its share of the $1.8 billion being offered by the federal government I will hold each of you personally accountable for the livelihoods of hundreds of families across my electorate who work in a substantial industry.

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — Mr Theophanous, you haven't been listening. I make allowances for you — I don't expect you to understand. There are hundreds of dairy farmers in my electorate, and if through your partisan politics you deny them access to the reconstruction package — —

Hon. T. C. Theophanous — You were going to sell them out; you didn't even ask them!

Hon. R. M. HALLAM — If through your partisan politics you deny them access to that reconstruction package I will hold you and each of your colleagues personally responsible. The opposition will be watching!.

Hon. T. C. Theophanous — We've got a few cows on the Merri Creek!

Hon. R. M. HALLAM — You make light of it, Mr Theophanous. In the next breath you are going to hold yourself out as the saviour of the rural electorate. The dairy industry is a large component of that electorate, and it is at the crossroads right now. The government is playing fast and loose with the future of many Victorian families. If that package is lost, I will come looking for you!

The third issue I will comment on is workers compensation. I note that the Governor's speech contains a commitment to restore common-law rights to seriously injured workers. I also note that Victoria is not to expect workers compensation legislation during the spring sessional period. That is another clear example of an issue looking very easy to deal with from outside of government but a bit harder from within and with the responsibilities of government.

Early in the parliamentary sitting I asked what definition of 'seriously injured' would be applied in respect of the access to workers compensation referred to in the Governor's speech. I recall that when the former government applied the 30 per cent impairment test the then Labor opposition went into orbit. Mr Theophanous, in particular, criticised every single aspect of it. Guess what? In government Labor is apparently having to contemplate exactly the same circumstance. The opposition will be here, and I will remind Mr Theophanous of everything he said.

Hon. N. B. Lucas interjected.

Hon. R. M. HALLAM — Yes, everything he said from the luxury of opposition. I will remind him of the total irresponsibility he demonstrated time and again because he was not held accountable for what he said in the chamber.

Hon. T. C. Theophanous — We hold you accountable, though!

Hon. R. M. HALLAM — You will be held accountable! The boot is now on the other foot. Mr Theophanous can be as flippant as he likes, but he will be held accountable because he will have to deliver. We are told the government will do it without raising premiums. That is an interesting aside. It seems the government believes in even bigger fairies at the bottom of the garden!

The coalition's resolve to replace common law with a codified range of statutory entitlements was not an attack on injured workers but an attack on the plaintiff lawyers. The plaintiff lawyers, those who had a vested interest in the — —

Hon. T. C. Theophanous — You lost three elections over it! Why don't you admit you were wrong?

Hon. R. M. HALLAM — Mr Theophanous, we will have that debate and you will be able to have your say. However, in the meantime I am responding to the speech the Governor delivered in the house on behalf of your government.

Hon. T. C. Theophanous — A good speech!

Hon. R. M. HALLAM — I am responding to it. Mr Theophanous might not like it, but I am responding directly to what was said. I await with great interest the outcome of the debate on Workcover legislation in respect of seriously injured workers.

It is ironic that Labor is now desperate to condemn the Victorian Workcover Authority for the standard of management across the system and has gone to great lengths to denigrate the role of the chief executive, Andrew Lindberg. That is sad; however, it is also stupid because Andrew Lindberg happens to be the most respected operator in workers compensation across Australia. In that context it is ironic that he is the person best placed to find solutions to Labor's problems. The attack on him is not only scurrilous, it is illogical.

We are told that because the Victorian Workcover Authority did not meet 100 per cent funding in the year

ended 30 June Victoria had some sort of compensation blow-out. Nothing could be further from the truth. The circumstance reported at 30 June in respect of the authority demonstrates that more than 93 per cent of the recognised liabilities were accounted for by assets held in reserve. I acknowledge that that is down from 96 per cent last year and 100 per cent the year before. However, I had a look at the report and, notwithstanding what the Minister for Workcover wanted to put about in the other place in respect of the operation of the authority, the facts are that the system is 93 per cent funded. I put on the record for the benefit of the Minister for Workcover that that figure compares with the 45 per cent funding that applied when the coalition came to government. The figure the minister is talking about is more than double the level of funding Victoria enjoyed under the previous Labor government.

Honourable members should remember that the premiums that currently apply to Victorian employers are on average 1.9 per cent of salary. When the coalition came to government they were on average 3 per cent of salary. That difference represents between $500 million and $600 million a year being pumped directly back into the private sector to generate the jobs Victorians so desperately need. I hear what the new Minister for Workcover says, and I am happy to put on the record that I would not swap the circumstances today with what the former government inherited in 1992. I would be happy to debate that issue with the minister any time and anywhere — he can bring it on.

The other interesting thing is that the new minister has committed Labor to a fully funded Workcover system. I note the Premier does the same; he says the government will not allow the system to be less than fully funded. Perhaps he does not understand that the Workcover system is not financed by government; it is driven by the premiums derived from employers across the state. The only thing government gets to do is write the rules and set the premiums. It would be relatively easy to strike a premium that took it beyond 100 per cent funding. However, all that would prove is that the premiums were too high and that the government was imposing on employers an unnecessarily high cost beyond the level of liability.

You cannot have your cake and eat it too. The government cannot say it will improve the Workcover system and at the same time ignore the reality of the financing levels. I put it to honourable members that Premier Bracks and Minister Cameron will find it difficult to deliver on the commitment they have given. Labor has been caught up in its promise to the Trades Hall to reintroduce common-law rights. It knows — or at least it should — that that introduces an unmanageable additional cost factor which will lead to higher premiums and fewer job opportunities. The government knows that in that environment it needs a scapegoat, so it blames the Victorian Workcover Authority, and Andrew Lindberg in particular. I repeat that the opposition will hold the government accountable. It cannot hide from the facts for too long.

If the minister had the good sense to take off his political blinkers and look at the statistical data he would see that the performance of Workcover is extraordinarily good. In fact, workers compensation premiums in Victoria today are dramatically better than in any other jurisdiction. They are approaching half those that apply in New South Wales, and they are dramatically better than in the other Australian jurisdictions. Victoria has a competitive edge, and it is crazy for the government to be so hell-bent on giving it away.

The best news is — and the statistical data highlights the fact — that premium reductions have been achieved by improving workplace safety. From 1991–92 to 1997–98 deaths in the Victorian workplace were reduced by 42 per cent and traumatic injuries were reduced by 49 per cent. Victoria has a win–win situation. The former government has driven down the cost of workers compensation but, more importantly, it has done it by improving workplace safety. The data is moving in the right direction.

I look forward to that debate. I would love to have the chance to discuss further issues such as the environmental flows in the Snowy River, but given the late hour, and in deference to my leader, I close where I began. I reiterate my extension of compliments to the Governor, and I am delighted to have the chance to contribute to this address-in-reply debate.

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

Debate adjourned until next day.

WATER (WATERWAY MANAGEMENT TARIFFS) 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

Council's amendments

Message from Assembly relating to following amendments considered:

1. Clause 5, line 26, omit "of $2 000 000 or more".

2. Insert the following New Clause to follow clause 5 —

"'**A.** ***Reporting on payments from Fund***

(1) The Minister must ensure that the report of operations and financial statements prepared under section 45 of the **Financial Management Act 1994** include —

(a) accounts and records of each payment out of the Fund for the purposes of section 5(1)(a); and

(b) details of all applications for financial assistance from the Fund received by the Minister whether the application resulted in any payment from the Fund or not; and

(c) an assessment of the relative effectiveness of each payment from the Fund for the purposes of section 5(1)(a).

(2) The Auditor-General must include in a report under section 9 of the **Audit Act 1994** on the audit of the financial statements of the Department administered by the Minister a special report on the matters referred to in sub-section (1)(b) and (c).

(3) Nothing in this section limits the operation of the **Audit Act 1994** or the **Financial Management Act 1994**.".

Assembly's message:

Council's amendments 1 and 2 disagreed with.

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

That the Council does not insist on its amendments disagreed with by the Assembly.

In relation to the proposed amendment to clause 5(2), I make the point that was made in the debate, that in the view of the government this amendment would impose on the operation of the funds conditions that do not apply to any other fund established under Victorian legislation. In drafting the bill the government endeavoured to strike a reasonable balance in proposing that a payment of $2 million and over be approved by the Treasurer as well as the minister, and the government sees no reason to vary its position on this point.

In relation to the proposed new clause, as indicated in the debate, in the government's view the bill was originally drafted to ensure that the Auditor-General has complete freedom to investigate or report on any aspects of the operation of the fund. This has been confirmed by the Secretary of the Department of Treasury and Finance in his letter dated 9 December to the acting secretary of the Department of State and Regional Development, a copy of which has been provided to the opposition during the subsequent Assembly debate.

That letter confirms that the Auditor-General has sighted the bill and is comfortable with the form of reporting and his powers to oversight implementation. Accordingly, the government was not persuaded that there was any reason to change the position that it has held throughout, and it does not accept the proposed new clause.

Hon. G. R. CRAIGE (Central Highlands) — At the outset I should say the opposition believes the bill has been debated in an appropriate and proper way. As members of Parliament representing the people of Victoria, we believe the Legislative Council has had the opportunity of an open and frank debate on the matters which we believe are of some concern to the community. I cannot say the same of the Legislative Assembly, where that opportunity was not given.

During the debate we have raised many concerns about accountability. We have highlighted, during the debate in the Legislative Council, issues that we believe the government needed to be made aware of. They concerned the lack of scrutiny in respect of accountability, and importantly we placed on record our warning to the government that as there were no guidelines issued in respect of funding it had to be ever vigilant about the way in which this fund was applied.

We believe, as an opposition in the Legislative Council, that significant concessions were offered during the debate by the minister. I highlight some of those for the record because they are significant and they have also been illustrated by the minister this evening.

Importantly, the point was made that under no circumstances would the funds be used for issues such as equity. In her contribution the minister made it clear that all this fund would be used for would be capital funds; that clearly there were no speculative purpose to which this fund would apply. The minister also stated that it would not apply to loans. Those were the three issues she clearly raised during the committee stage of the bill.

It is important to place on record that the minister said the funds would not be supplied to political parties of any persuasion at all, and that during the committee stage in considering the amendments, in particular, the government conceded that it supported the amendment to insert paragraphs (a) and (c) of subclause 1 of the proposed clause. Subclause 1(a) in fact leads to the issue of accounts and records of each payment from the fund being published. The government indicated it had no problems with that and said that would happen. The minister also indicated in the committee stage that the effectiveness of each payment from the fund would be assessed by the Auditor-General. The opposition takes on notice the fact that that will occur.

It is important that the house has the opportunity to highlight those issues of concern. It has done that in an effective and professional way — the way in which it should be done in any debate where there is a concern in the community. The opposition does not insist on the amendments.

Motion agreed to.

Ordered to be returned to Assembly with message intimating decision of house.

WATER (WATERWAY MANAGEMENT TARIFFS) BILL

Second reading

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

That this bill be now read a second time.

Catchment management authorities were formally established in 1998, when the Water Act 1989 and the Catchment and Land Protection Act 1994 were amended to combine the roles of existing catchment and land protection boards and waterway management authorities. Catchment and land protection boards were regionally based advisory bodies which made recommendations on land management issues such as erosion control and weed management. Waterway management authorities were authorities established under part 10 of the Water Act and provided services such as building and management of levee banks and the management of drainage schemes.

Catchment management authorities were able to draw on the powers available under the Water Act to set rates across their respective catchment regions, which were defined to be their waterway management districts. As a result, all but two catchment management authorities chose to set a charge applying to all rateable properties within their regions, effectively a completely new tax imposed on Victorians outside the metropolitan area.

This government recognises the importance of healthy catchments to both the environmental and economic wellbeing of this state. In recent weeks salinity and other problems associated with the degradation of catchments have again been identified as being the major land-use issue facing governments and landowners in Australia. In Victoria we are facing every year the problem of algal blooms in the Gippsland Lakes system because of land management issues in the catchments which feed the system. We are all aware of the plight of the Snowy system, with flows diverted to other uses which, in their time, were seen to override completely the competing use of environmental flows for the river system. We know now that questions of catchment health are more complex and more difficult to resolve than anyone dreamed earlier in this century.

It is because this government is committed to healthy catchments and waterways in Victoria that it believes the catchment management levy must be abolished. Funding for catchment health should be provided from whole-of-government funds, not from levies imposed on local communities. It is the responsibility of government to set the strategic direction for catchment management in Victoria, recognising also that some of the issues of catchment management must be resolved in cooperation with other states.

The government will work in partnership with local communities in promoting and managing the benefits of catchment health. It recognises that there are issues on which the best advice will be drawn from local communities and that they need to have involvement in the decisions which will affect them. However, the work of local communities needs to be clearly connected to wider statewide strategies and funding priorities.

The work of waterway management bodies in providing drainage and waterway services to local communities is recognised by the government and the continuation of this work is provided for in the bill before the house. However, the government is committed to ensuring that only those services which can be demonstrated to be of specific local benefit will be funded through tariffs set in this way. The bill before the house ensures that a tariff may only be set in respect of properties to which a direct service is provided.

I can advise the house that using powers as minister administering the Water Act, the minister has advised

catchment management authorities of an intention to issue a direction that they are to suspend the proposed catchment management levy for the current financial year. The government has undertaken to provide funding to support the continued work of the authorities and discussions are taking place with each authority to determine its works priorities for the remainder of the financial year.

In appearing before the Public Accounts and Estimates Committee during the last Parliament, the then minister advised that the catchment management levy contributed only around 10 per cent of the total amount spent on catchment management services, with the remainder being provided through the Department of Natural Resources and Environment and from commonwealth funding through the National Heritage Trust. The reason advanced for the levy by the then minister was that, while the contribution was small, it gave the community some ownership of those programs. This government does not believe that it is necessary to impose a tax in order to confer community ownership. Ownership comes from genuine consultation and understanding and this government is committed to ensuring that this takes place.

The bill also provides power for revenue already collected from this year's assessments to be refunded, in order to ensure that the benefits of the government's decision apply across the state.

The government has made a commitment to further consider the role and accountabilities of catchment management authorities. The minister will be consulting at a later date on how best the requirements of catchment health can be met by partnership between government and local communities. As a tangible financial symbol of the government's desire to fulfil its commitments to the people of Victoria, I have pleasure in introducing this measure to remove the catchment management levy.

I commend the bill to the house.

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

Debate adjourned until next day.

ADJOURNMENT

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

That the house do now adjourn.

Nathalia: gas supply

Hon. W. R. BAXTER (North Eastern) — I raise a matter with the Minister for Energy and Resources. In the adjournment debate of 9 November I raised with the minister my concerns about the fact that the promised and proposed supply of natural gas to Nathalia appeared to be under a cloud and sought the minister's assistance in checking it out to ensure that previous commitments would be honoured. I requested that the minister respond to me in due course, which I assumed would be during the next week. In her response the minister generously said she would respond to me the very next day, and I was suitably impressed. Regrettably, five weeks have gone by and I am still waiting for the reply. Will the minister be kind enough to expedite a reply?

Fire blight: imports

Hon. K. M. SMITH (South Eastern) — I direct a matter to the attention of the Minister for Energy and Resources representing the Minister for Agriculture in another place. The minister would no doubt remember that early in 1997 there was a push by the New Zealand apple industry to have its apples imported into Australia. By sheer coincidence a couple of New Zealand botanists were here on holidays when supposedly one discovered fire blight on a couple of cotoneaster trees in the Royal Botanic Gardens and the other discovered the disease on two trees in the Adelaide Botanic Gardens. The issue was of great concern to the Australian Quarantine and Inspection Service (AQIS), because although Australia to that time had been free of fire blight, New Zealand trees were infected. Fire blight is the foot-and-mouth disease of the fruit world. It is a disease that could cause — —

Hon. M. A. Birrell — A twig and root disease?

Hon. K. M. SMITH — You could say that. It could cause huge damage to Australia's reputation as a clean country so far as that disease is concerned, but more importantly it could do huge damage to the pear and apple industry, which is worth $330 million a year.

During that exercise the New Zealanders showed just how low they were prepared to go to damage Australia's reputation on the world market. In doing so, they enhanced their own — —

An honourable member interjected.

Hon. K. M. SMITH — It was; it was a low act for the New Zealanders to allow the people concerned to come here. They illegally took some specimens of the supposedly infected plants they had discovered in

Victoria and Adelaide back to New Zealand. When the truth of the matter came out it was found the plants did not have fire blight, but the damage had been done to our industry. During the dispute Japan cancelled a contract for specially grown Fuji apples on the basis of the so-called New Zealand discovery, which proved to be bogus.

At the time of the incident there were claims that Australia had been sabotaged by New Zealand. It is believed that people in New Zealand are at it again. There is a further application for New Zealand apples and pears to be imported into Australia. Any such action will put our industry at risk. Losses of up to $100 000 per week were being experienced by some Australian orchardists during the supposed discovery of fire blight in 1997.

I ask the Minister for Agriculture to intervene on behalf of Victorian growers to ensure the New Zealand application is rejected. New Zealand growers should not be allowed to send their diseased fruit to Australia, thereby spreading the disease throughout our industry. It is an important issue to Victorians and Australians.

Police: Dandenong Ranges

Hon. A. P. OLEXANDER (Silvan) — I refer the Minister for Sport and Recreation, who is the representative in this place of the Minister for Police and Emergency Services, to a request I made to the minister three weeks ago to clarify the manning of police stations in my electorate. In particular, I asked him to clarify how many extra police would be required at Olinda, Mount Evelyn and Belgrave stations to meet the government's commitments prior to the state election. To date I have not received a reply from the minister.

Last night I met with the management and staff at Olinda's famous Cuckoo Restaurant. The restaurant is well known and patronised by many local and international tourists. Honourable members may be aware of press reports relating to an incident that occurred early Monday morning. Two people allegedly entered the restaurant armed with guns and batons at about 1.20 a.m. on Monday, menaced the staff and demanded the cash takings for the night. When they were unable to get into the safe, they beat staff members with the butt of a gun, and demanded their wallets and other personal valuables. Ten international tourists were still in the restaurant when that occurred. Two young men and a woman, all in their 20s, were subsequently apprehended by police and have been charged with various offences. This is the second incident that has occurred at the restaurant in the past month. Today the staff at the Cuckoo received counselling to help them to cope with the stress of the incident.

There are growing concerns in Olinda and the Dandenong Ranges about the level of police manning in the area. Approximately two weeks ago, responsibility for night patrol on the mountain was moved from Boronia to the Belgrave and Mooroolbark stations. My information is that police in the two newly responsible stations are concerned because the new responsibility stretches their resources too thinly. My information also is that the alleged perpetrators — —

The PRESIDENT — Order! The honourable member can now make his request.

Hon. A. P. OLEXANDER — I ask the minister to urgently investigate with police command the possibility of establishing a regular dedicated night patrol service in addition to existing resources in Olinda and the Dandenong Ranges, specifically from 11.00 p.m. to 4.00 a.m. on Friday, Saturday and Sunday nights until he finally gets around to fulfilling his election commitments to the people in the Dandenong Ranges.

Swimming pools: fencing

Hon. N. B. LUCAS (Eumemmerring) — I refer the minister who sometimes assists the Minister for Planning to the fact that he has informed the house that one — it may be the only one — issue that has been referred to him is the Building Control Commission. The matter I raise concerns unfenced swimming pools. I previously raised the issue in the context that it had been suggested it was the responsibility of local government to ensure that people with swimming pools arrange for those pools to be fenced. It turns out that higher up the tree of responsibility is the Building Control Commission for which the Minister assisting the Minister for Planning has some responsibility.

An article in the *Age* of 16 November states that only a little more than 40 per cent of pools comply with the safety standards. I ask the minister whether the Building Control Commission is responsible for the legislation which requires pool owners to have such pools appropriately fenced. What action is the Building Control Commission taking to ensure that fencing exists around pools? If the action or inaction of the commission is such that we are not achieving 100 per cent commitment, which we are obviously not, will the minister advise the house what he will do about the situation?

Community Support Fund: administration

Hon. R. M. HALLAM (Western) — I refer the Minister for Industrial Relations, who is the representative in this chamber of the Premier, to the administration of the Community Support Fund. I refer to the transcript of the Victorian ALP gambling policy launch of 6 September, and more particularly to the comment attributed to the Premier where, when referring to the administration of the fund, he says:

> … we'll make sure a proportion of that goes back into the area from which it was derived.

I ask the minister to inquire of the Premier how the area is to be defined. I seek some clarification as that is not clear from the transcript. More particularly, what proportion of funds derived from a particular area, however defined, is to be returned to that area?

Street Life

Hon. W. I. SMITH (Silvan) — I raise with the Minister for Sport and Recreation, who is the representative in this house of the Minister for Post Compulsory Education, Training and Employment, the Street Life program. Street Life funding was commenced by the Kennett government and has been extremely successful. Recently I met with business people from the Ararat Regional Business Association who said their businesses in Ararat have turned around and been changed by the Street Life funding. Will the government continue Street Life funding?

Minister for Sport and Recreation: conflict of interest

Hon. P. A. KATSAMBANIS (Monash) — I raise an urgent and important matter with the Minister for Sport and Recreation. An article in today's *Herald Sun* reports that the minister intervened in a dispute between the Carlton Soccer Club and the trustees of Olympic Park. As a result of the minister's intervention the Carlton Soccer Club decided that it will stay at Olympic Park given that in previous weeks it had talked about leaving Olympic Park because it found the venue to be to its economic detriment. As gazetted on 29 October in the *Government Gazette*, the Minister for Sport and Recreation is the minister responsible for the Melbourne and Olympic Parks Act, so it appears as if it was a legitimate intervention by the minister. However, a glance at the interim parliamentary handbook also reveals that in his interests the minister lists that he is the chair of the Carlton Soccer Club. Furthermore, the Carlton Soccer Club is not a traditional membership-based sporting club but is a private-for-profit organisation, which gives rise to the question of whether the minister has any financial interest in the club itself.

Given that set of circumstances, it appears there is a clear conflict of interest in the minister's intervention, because not only is he the minister responsible for the administration of Olympic Park but he also appears to have a significant interest in the Carlton Soccer Club, which is a lessee of Olympic Park. I call on the minister to explain to the house how he put himself in a position of conflict of interest, to reflect on his actions, and to advise why he intervened in a matter where it is clear he did not have clean hands and where there was a clear conflict of interest between his position as minister and his other office-holding outside this place.

Police: Whittlesea

Hon. E. G. STONEY (Central Highlands) — I seek the assistance of the Minister for Sport and Recreation in his capacity as the representative of the Minister for Police and Emergency Services in another place. The community is concerned about the recent spate of vandalism in Whittlesea, and many residents signed a petition dated 16 November about this issue. The petition states:

> Further to our conversation of November 15, 1999, we would request an increased police presence particularly late in the evening and early morning of Saturdays/Sundays.
>
> As you are well aware, there has been a spate of vandalism in the township and we, the undersigned, feel that extra police presence would assist in reducing this costly nuisance.

I know many of these people personally, and I confirm that they have a genuine concern. I seek the minister's assistance in resolving this problem.

Government leases

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — I raise for the attention of the Minister for Industrial Relations, representing the Minister for Finance in another place, a matter brought to my attention by a constituent who plans to invest in a commercial office building that will be leased to a state government department.

The details of the lease have been finalised, but the lease was not signed due to the intervening state election. In the three months since the election the lease has remained unsigned. My constituent has been informed by the department that the lease remains unsigned because the Minister for Finance has indicated that he will sign such leases in batches, and my constituent is waiting for the batch containing his lease to be processed.

The resulting delays have now reached a critical point as the building contract has been negotiated on the basis that the building will be completed early next year — prior to the introduction of the GST. I am informed that, if the construction of the building is further delayed by the government's failure to sign the lease, the investment may not proceed. It is apparent that the minister's bureaucratic process, as explained to me, is jeopardising capital investment in Victoria.

Hon. M. R. Thomson — It is the GST that is the problem.

Hon. G. K. RICH-PHILLIPS — No, the change is in the minister's procedure for signing leases. I ask that the minister ensure that that process ceases so that future investment is not jeopardised.

Planning: foreshore development

Hon. ANDREA COOTE (Monash) — I direct to the attention of the Minister for Sport and Recreation, who is the representative of the Minister for Planning in the other place, the state planning agenda that would place interim height limits on foreshore developments for a 12-month period to allow local councils to establish their own strategies.

Through careful consultation with the community and the former Kennett government, the council of the City of Port Phillip has already resolved its position on height controls. Its resolution states:

> That council note the positive statements made by the Premier, the Honourable Jeff Kennett, the Minister for Planning and Local Government, the Honourable Rob Maclellan, and the Minister for Small Business and Tourism, the Honourable Louise Asher, that effectively discourage, as being inappropriate, high-rise development around the bay and specifically in Port Melbourne and St Kilda.

A news release of 9 June from the City of Port Phillip with the heading 'Gate Shut and Bolted on Skyscrapers by the Sea' states:

> It's 'no' to high rises in Port Melbourne and St Kilda. It's 'yes' to the council making its own planning decisions and 'yes' to developments which are appropriate to their urban context.

On behalf of my residents I request an explanation from the Minister for Planning of why temporary height limits have been set when the City of Port Phillip has clearly made known its position on this issue.

Yarra River: New Year's Eve

Hon. R. H. BOWDEN (South Eastern) — I seek the assistance of the Minister for Ports regarding an issue raised by a constituent of mine on behalf of several other constituents. It concerns the purported closure of the Yarra River because of New Year festivities.

Reports are circulating that the Yarra River will be cleared from 2.00 p.m. on New Year's Eve and that vessels that come into the river before 2.00 p.m. can stay in one place on the river only for a maximum of 2 hours before moving on. Moorings either have been or are in the process of being removed and larger vessels will not be allowed in the river.

My constituent is extremely concerned because he was planning to view the festivities from a vessel, as were many people. What is the point of boat registrations if the Yarra River is to be cleared of all vessels? Is it true that the government has decided to prohibit marine use of the river when it can be sensibly used to provide access to these important events on New Year's Eve?

Gaming: under-age gambling

Hon. ANDREW BRIDESON (Waverley) — I raise for the attention of the Minister for Sport and Recreation conflicting issues within his portfolio in light of recent expert advice on the increasing prevalence of under-age gambling.

On the one hand the minister is promoting a football tipping competition, while on the other hand he is responsible for youth affairs. Is the minister aware of the phenomenon of under-age gambling, and if so what are his plans to combat this problem?

Last week a United States academic, Dr Durand Jacobs, addressed a South Australian forum on gambling at which he stated that under-age gambling has caught up with drinking as an adolescent problem in schools. He further said that his research shows that a popular and growing form of betting among under-age gamblers is sports betting. In many cases under-age gamblers start off with small, lottery-type bets that are perceived to be fun and innocent. That is the type of image that is proposed for the football tipping competition. The Labor Party's sports policy says, 'The competition provides a fun and enjoyable way for Australians to tip the footy'.

Football tipping is attractive to potential under-age gamblers, as they already follow the form of professional football teams. Furthermore, the proposed competition method involves a $2 entry fee and winnings of up to $300, making it accessible to adolescents with limited funds. The small financial risk is deceptive, because it may encourage under-age

gamblers who will seek larger stakes as the addiction grows.

Other states have identified the trend as a concern and have decided to take action. The Queensland Treasurer, David Hamil, has initiated a crackdown on under-age gambling as part of a 12-month review.

The minister's portfolio has a definite conflict of interest that should be addressed. How does he intend to reconcile those competing interests?

Unions: payroll deductions

Hon. M. A. BIRRELL (East Yarra) — I direct to the attention of the Minister for Industrial Relations an article on the front page of today's *Age* headed 'Plan for Union Payroll Levies' which quotes the minister on a number of industrial relations issues. Putting aside the minister's accusation that the state editor, Ewin Hannan, got it wrong on the matter I raised earlier today, I ask her to explain some other related matters.

The article reports the minister as saying she had asked her department to appoint a special team of advisers to deal specifically with unions and employers. The article goes on to say 'it would be the role of the new industrial liaison officers to deal with the concerns of unions and employers'. I will be interested to hear from the minister about the role of those industrial liaison officers. How many will be appointed across the government? Who will appoint them? Will they be chosen solely from the stock of ex-union leaders, and will their appointments be funded from existing budgets?

I would also welcome the minister's advice on a related matter in the article, which says the government will lift a ban on union emails being transmitted through the bureaucracy. I ask the minister to advise of any evidence of an existing ban on union emails being transmitted through the bureaucracy and whether the lifting of that ban has anything to do with matters such as industrial work bans.

Hon. M. M. Gould — On a point of order, Mr President, it is the usual practice during the adjournment debate to ask only one question. Mr Birrell has asked me to advise him on at least four areas concerning the role of industrial liaison officers — how many; who will appoint them; from where will they be chosen; and what are the funding arrangements.

Hon. M. A. BIRRELL — On the point of order, Mr President, I raised only one matter concerning one article that quotes the minister on the appointment of industrial liaison officers. I am seeking information on the nature of those appointments. I was about to conclude by asking what emails the new industrial liaison officers may send themselves and whether any restrictions will be placed on those emails, given the minister's allegation of a pre-existing restriction. The question relates to the appointment of new staff and their conduct.

The PRESIDENT — Order! The adjournment debate guidelines on speeches, of which all members have a copy, state that in making a complaint or request or posing a query, a member must raise only matters within the administrative competence of the Victorian government, confine his or her remarks to a single subject and be brief. The guidelines also state that matters cannot reflect on a statute and so on.

In this case the honourable member asked several questions arising from one article based on an interview given by the minister to a journalist. In that case it is one subject — that is, the subject matter of that interview — and therefore the question is allowable. Has the honourable member finished asking his question?

Hon. M. A. BIRRELL — Yes, Mr President.

Sprayline

Hon. R. A. BEST (North Western) — I direct my question to the Minister for Energy and Resources representing the Minister for Transport in another place. On several occasions, and again in the debate on the Regional Infrastructure Development Fund Bill, I referred to the decision of Sprayline, a corporatised division of Vicroads, to close its regional offices and centralise its operations at Deepdene.

I was delighted today to receive a statement distributed by Mr Chapman, the acting general manager of Sprayline, stating that the company is committed to retaining offices in regional Victoria and the prospect of jobs being lost from Bendigo, Bairnsdale, Ballarat, Benalla and Geelong is no longer likely.

However, the statement has raised concerns among the employees of Sprayline, particularly because it does little to allay the fears of the existing employees regarding their future job prospects. The employees know they do good work. However, on the information provided to me and based on the statement distributed today, plans still exist to eliminate some seven permanent positions in country Victoria — three from Bendigo, one from Ballarat and three from Benalla. Bendigo will lose a further two employees because it does not have the permanent staff to operate the sprayers that form part of the company's operations.

The potential also exists for other areas to be similarly affected.

In rationalising its structure how can the company operate five regional centres with only two marketing officers? Sprayline's decision has obviously changed because of pressure applied by opposition members across regional Victoria to halt the hypocrisy of the government in its pursuit of regional development. Sprayline's employees are concerned that the statement is piecemeal and part of a strategy to direct work away from the company and allow its operations to collapse.

I ask the Minister for Transport to guarantee that no jobs will be lost in Sprayline's regional offices as a result of its restructuring process.

Mildura Arts Centre

Hon. B. W. BISHOP (North Western) — I ask the Minister for Industrial Relations to refer the matter I raise to the Minister for the Arts in another place. Some time ago Arts Victoria set aside funds for the refurbishment of the Mildura Arts Centre, and the funding was also reliant upon some contributions from the Mildura Rural City Council. It was a different gearing for different types of refurbishment.

The Mildura council is fully committed with its funding at the moment to finish the Alfred Deakin Centre, which my colleague Mr Best and I know will be a world-class information centre, as well as a water sports and recreation area.

I have heard nothing but glowing reports about a show called *Once Upon a December* put on at the arts centre last Friday and Saturday nights by Shirley Bowie, who is a respected singing and performing arts teacher. Her students, both past and present, showcased their talents over the two nights.

However, there has been a growing awareness of the deterioration of the arts centre, which has led to substantial public concern that it may soon be inappropriate to stage such events. At the conclusion of the show Mrs Bowie announced to the audience that occupied the old and dated seats that she was pushing for a fundraising run through the area to raise as much money as possible to refurbish the centre. The immediate priorities are the sound and lighting areas. The stage is small for today's activities. There were always plans to install a mezzanine floor to put another 100 seats into the audience area. The Mildura council has expended money to provide disabled access to the centre, and commonwealth funding has been directed to areas of risk in the gallery.

The weekend concert showed the huge talent in the Sunraysia district. Many local students have been accepted into or graduated from various performing arts academies from Ballarat to Perth, including the Melba Conservatorium.

The vision of the local teachers who launched the students into their successes has always been for a Sunraysia academy of the performing arts. Most people believe that would not be possible without the refurbishment of the arts centre. I ask the minister to advise what funding is available to facilitate the refurbishment of the Mildura Arts Centre.

Cemeteries: maintenance

Hon. BILL FORWOOD (Templestowe) — I ask the Minister for Industrial Relations to refer the issue I raise to the Minister for Health in another place.

Recently I was approached by Cr Geoff Baker from the City of Banyule, who is also a trustee of the Warringal Public Cemetery Trust, concerning abstracts of accounts of cemeteries in Victoria. These are required under the act each year and deal with income and expenditure, lawn cemetery reservation funds, perpetual maintenance accounts and other income. The form requires information on the general position of cemeteries and brief outlines of repairs and so on.

However, the abstract of accounts form does not cover the recording of liability for the maintenance of graves that are there for 25 years or in perpetuity. The income for cemeteries is finite because eventually they become filled up and no more money is coming in from the sale of graves. However, they have ongoing liabilities into perpetuity to maintain the existing graves. Cr Baker is seeking a change in the abstract of accounts form to deal with that important aspect.

Banks: small account interest

Hon. J. W. G. ROSS (Higinbotham) — The matter I raise is directed to the Minister for Consumer Affairs. It relates to the interest the minister has shown in fair dealings by Victorian banks.

As the community ages, more elderly persons are looking to an ever-declining work force to support them in their later years through various social and income security benefits. Increasing pressure is being placed on individuals to make provision for their own health and extended care needs as self-funded retirees.

The nub of my question is that the habit of lifelong saving is an educational issue that begins in childhood. Many of us will recall that before the Cain government

lost the State Bank Victoria, primary schoolchildren were encouraged to open school bank accounts and benefit from the miracle of compound interest, to see their money grow as small amounts of interest accrued and to watch the magnification of that process by a regular savings plan.

Several constituents have drawn to my attention the fact that for the major banks amounts of less than $500 do not receive any interest; indeed, the reverse is the case where account-keeping charges constantly erode small bank account balances.

There is no incentive or opportunity for schoolchildren to begin learning the lessons of the wisdom of lifelong saving. I ask the minister, in the context of her recent references to banks, to turn her mind to the question of interest on small amounts of money.

Planning: Nillumbik

Hon. G. R. CRAIGE (Central Highlands) — I ask the Minister for Sport and Recreation to refer the issue I raise to the Minister for Planning in another place.

The new format planning scheme for Nillumbik undertaken over the past two years has been completed and is before the Minister for Planning. Significant delays have occurred in rezoning, especially to an area of land in Wattle Glen owned by a Mr John Hay, who represents a company called Parisienne Basket Shoes Pty Ltd. The land in question was zoned residential and partially developed during the 1980s, but some of the remaining undeveloped area was rezoned as landscape.

During the panel process, submissions were made and the issue was raised in the conclusion on page 56 of the panel and advisory committee report in April, which states:

> The panel supports the introduction of an amendment to rezone the Hay's land to link the residential areas … The panel recommends that the properties known as 6 to 12 Mannish Road, Wattle Glen, and 30 Murray Road, Wattle Glen, should be included in the R1Z as part of a comprehensive amendment to reinforce strategic fringe objectives.

To further delay development the Shire of Nillumbik is now carrying out a strategic review of the township of Wattle Glen. I ask the minister to consider the new planning scheme as a matter of urgency. It is overdue. It should be available now, and it should include zoning of the Hay land as residential.

Alpine National Park

Hon. PHILIP DAVIS (Gippsland) — I raise with the Minister for Energy and Resources representing the Minister for Environment and Conservation the decision announced on 8 December by Parks Victoria to exclude cattle from the Alpine National Park north-east of Licola.

Following discussions with licensees affected by the decision, I am concerned about the process used to implement Australian Labor Party policy to phase out cattle grazing in the Alpine National Park. The announcement claimed the decision was based on a vegetation survey in October that was reviewed by an expert scientific panel. The cattlemen have been refused access to the reports of the October vegetation survey and the scientific panel. Will the minister confirm this is because the reports do not exist and did not exist at the time the decision was announced?

Retail industry: refunds

Hon. B. C. BOARDMAN (Chelsea) — I wish to raise with the Minister for Small Business and the Minister for Consumer Affairs a matter raised during question time today. The minister responded to the question by saying that the premises of about 500 retailers had recently been inspected for displaying 'No refund' signs.

Unfortunately the minister — obviously committed to consumer affairs, as it is one of her portfolios — did not provide details about how, why, or when the inspections were carried out. That raises several questions: where did the order come from? What types of premises were involved? What were the bases for these premises being selected? I ask the minister to inform the house tonight of the results of the investigations and whether the proprietor of any one premises has been prosecuted as a result of the investigation.

Responses

Hon. M. M. GOULD (Minister for Industrial Relations) — Five matters have been directed to me. The first, from the Honourable Roger Hallam, referred to comments the Premier made about the Community Support Fund. I will raise that with the Premier and ask him to respond in the usual manner.

The Honourable Gordon Rich-Phillips raised a matter for me to refer to the Minister for Finance. He is having problems signing off on a lease. I will raise that with the minister and ask him to respond in the usual manner.

The Honourable Mark Birrell raised with me comments made in an article in the *Age* today about a government decision to employ industrial liaison officers. I am happy to advise the Leader of the Opposition in this house that the role of the industrial liaison officers will be to liaise with unions and department heads. An industrial liaison officer will be appointed in each department and paid through the existing budget of each department.

Honourable members interjecting.

Hon. M. M. GOULD — I make it clear that they will be employed within the departments, with the funds probably coming from the existing Human Services budget.

The Leader of the Opposition also raised the question of unions having access to email. I have been informed that the CPSU in particular has difficulty sending email to its members. I said I would have it investigated and have the ban lifted. I am concerned about the union not having access to its members. The government supports unions being able to represent their members. I will ensure that they have access to email so they can properly represent their members.

The Honourable Barry Bishop raised for the attention of the Minister for the Arts the funding of the Mildura Arts Centre. I will raise that with her and ask her to respond in the usual manner.

The Honourable Bill Forwood raised a matter concerning the Warringal Cemetery Trust and the issuing of abstracts of accounts. I will raise that with the Minister for Health and ask him to respond in the usual manner.

Hon. C. C. BROAD (Minister for Energy and Resources) — The Honourable Bill Baxter raised a matter concerning gas being connected to the town of Nathalia. That is a matter on which I received information some time ago, and I would have expected it to have been provided to the honourable member by now. I will ensure that that happens. However, the information indicates that the undertakings given by the Kennett government on that connection and on connections to many other towns in the area stand. Some changes in ownership have arisen from the policies of the previous government. The advice I have is that those arrangements have been transferred and that the undertakings stand. I will provide the proper advice to the honourable member.

The Honourable Ken Smith raised for the attention of the Minister for Agriculture a matter concerning relations between Australia and New Zealand, and in particular the potential threat posed to Australia's important apple and pear industry. He requested that the minister intervene in the matter, and I will certainly pass that on to the Minister for Agriculture .

The Honourable Ron Bowden referred to some concerns raised with him by a constituent about arrangements for watercraft using the Yarra River on New Year's Eve. As part of my responsibilities as Minister for Ports, which relate to large vessels in the port of Melbourne, I have previously advised the house — and that advice has been gazetted — about arrangements for the port of Melbourne. However, the issue goes to smaller vessels on the Yarra.

My expectation is that the arrangements he refers to have been put in place under Displan by the Minister for Police and Emergency Services. I am advised that the arrangements go to the possible necessity of being able to move emergency vehicles around on New Year's Eve in circumstances in which it may not be possible to use normal routes. For that reason the waterways are considered to be the only routes available for important movements under certain circumstances. I will take up the matter with the Minister for Police and Emergency Services, who will respond to the honourable member in due course.

The Honourable Ron Best raised for the attention of the Minister for Transport in the other place the reported commitment by Sprayline to relocate officers in regional Victoria. In raising further concerns he sought from the minister a guarantee that no jobs would be lost in Sprayline regional offices as a result of the restructuring. I will refer the matter to the Minister for Transport.

The Honourable Philip Davis raised for the attention of the Minister for Environment and Conservation in the other place a matter concerning a decision by Parks Victoria about cattle grazing. He queried the existence of the reports that are purported to form the basis of its decision. I will certainly refer that matter to the minister in the other place for her reply.

Hon. M. R. THOMSON (Minister for Small Business) — Dr Ross raised a matter about encouraging children to save. He referred to bank accounts with less than $500 attracting no interest despite the account holders having to pay bank charges associated with running those accounts. That gives children no incentive to save. More importantly, there is no scheme in place to encourage schoolchildren to engage in good saving practices. I am also concerned about the matter. I have some concerns about how it may be addressed, given that we are talking about the

banks, but I am happy to consider it and raise it with my colleagues nationally and in other states. It certainly needs that sort of attention.

The Honourable Cameron Boardman referred to the 500 premises that officers from the Office of Fair Trading and Business Affairs visited to check for the correct signage for refunds. Those visits are undertaken in a cooperative spirit to encourage retailers to put the signs in. I believe they are well received and most retailers are happy with them.

Hon. J. M. MADDEN (Minister for Sport and Recreation) — The Honourable Andrew Olexander referred to the manning of police stations at Olinda, Mount Evelyn and Belgrave in light of the recent incidents at the Cuckoo Restaurant and the need for additional police services in the Dandenongs. I will refer that to the Minister for Police and Emergency Services in the other place.

The Honourable Neil Lucas raised a matter concerning the Building Control Commission. Although I have dialogue with the commission, I am not the responsible minister. That responsibility rests with the Minister for Planning in the other place, and I will raise the issue of pool fencing with him.

I will refer the matter raised by the Honourable Wendy Smith about the continuation of the Street Life program to the Minister for Post Compulsory Education, Training and Employment in the other place.

In relation to the question asked by Mr Katsambanis, he would be well aware that the interim parliamentary handbook was compiled prior to the election result being finalised. I have resigned from that honorary position — I derived no financial interest — and there is no conflict of interest. I will continue to exercise my portfolio responsibilities in the best interests of sport for all Victorians.

Hon. K. M. Smith — On a point of order, Mr President, the minister said in answer to Mr Katsambanis that he has resigned from a position. Could the minister advise the house as to — —

Government members interjecting.

The PRESIDENT — Order!

Hon. K. M. Smith — The point of order I am trying to raise is that anyone can say, 'I advise the house that I have resigned from that position', but one must go through the formalities of resigning. Will the minister provide some documentation to show that he has resigned from the position?

The PRESIDENT — Order! If the honourable member wants to ask that sort of question on another occasion, he may do so.

Hon. J. M. MADDEN — The Honourable Graeme Stoney drew attention to the high incidence of vandalism, and I will refer that matter to the Minister for Police and Emergency Services in the other place.

The Honourable Andrea Coote mentioned the state planning agenda for high-rise developments, and I will refer that matter to the Minister for Planning in the other place.

The Honourable Andrew Brideson referred to under-age gambling, and I acknowledge that it is a major concern. On previous occasions I have expressed my concern about the reliance of sporting and recreational organisations on the gaming and gambling industries. That is a significant issue not just for the portfolios of youth affairs and gaming but for the government and the community. I will take that up with the Minister for Gaming in the other place and report back to the house.

The Honourable Geoff Craige raised a matter concerning the Nillumbik planning scheme and the rezoning of land in Wattle Glen. I will refer that matter to the Minister for Planning in the other place.

Motion agreed to.

House adjourned 11.13 p.m.