

PARLIAMENT OF VICTORIA

**PARLIAMENTARY DEBATES
(HANSARD)**

LEGISLATIVE COUNCIL

FIFTY-FOURTH PARLIAMENT

FIRST SESSION

Book 5

7 and 8 December 1999

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Tuesday, 7 December 1999

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

ROYAL ASSENT

Message read advising royal assent to:

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

LOCAL GOVERNMENT (BEST VALUE PRINCIPLES) BILL

Introduction and first reading

Received from Assembly.

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

REGIONAL INFRASTRUCTURE DEVELOPMENT FUND BILL

Introduction and first reading

Received from Assembly.

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

QUESTIONS WITHOUT NOTICE

Snowy River

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

Hon. C. C. BROAD (Minister for Energy and Resources) — I welcome the opportunity to outline to the house the important job that the Premier has given me of conducting the negotiations. Members will be aware that the Bracks Labor government took a significant commitment to the election: to date, the matters covered by the commitment have been pursued by the Premier personally. I am greatly honoured that the Premier has invited me to take over the task of negotiating on behalf of the government. I look forward

to delivering the commitment that the government took to the election to increase environmental flows in the Snowy River to 28 per cent, which is considerably more than the Kennett government took to the election and on which it was unable over more than 12 months to get even to the stage of negotiating guidelines by which the increased flow could occur.

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

CoINVEST

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

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

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

Electricity: tariffs

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

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

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

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

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

GST: car sales

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

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

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

Honourable members interjecting.

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

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

An opposition member interjected.

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

An Opposition Member — You cannot hold their hands forever.

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

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

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

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

Jet skis: licensing

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

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

Rural Victoria: energy efficiency centres

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

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

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

The energy efficiency centre in Geelong has information on energy-efficient house design, home heating, insulation, appliance selection, solar and wind power and energy management practices for business. Such measures not only make sense in reducing energy use and cutting greenhouse emissions but also have the

capacity to allow for enormous savings on business costs. I am advised that if all Victorians saved 1 per cent of annual energy use, \$84 million would be saved on energy bills and greenhouse gas emissions would be reduced by about 710 000 tonnes each year.

Fishing: recreational licences

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

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

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

Sport: Active Girls Breakfast

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

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

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

Unions: membership

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

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

Y2K: consumer education

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

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

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

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

PETITION

Police: Mornington Peninsula and Western Port

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

Laid on table.

PAPERS

Laid on table by Clerk:

Bairnsdale Regional Health Service — Report, 1998–99.

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

Colac Community Health Services — Report, 1998–99.

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

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

East Grampians Health Service — Report, 1998–99.

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

Forensic Medicine Institute — Report, 1998–99.

Gippsland Southern Health Service — Report, 1998–99.

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

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

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

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

National Gallery Council — Report, 1998–99.

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

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

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

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

Darebin Planning Scheme.

Geelong — Greater Geelong Planning Scheme — Amendment R247.

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

Police Board — Report, 1998–99.

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

Stawell District Hospital — Report, 1998–99.

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

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

Treasury and Finance Department — Report, 1998–99.

VicFleet Pty Ltd — Report, 1998–99.

Victorian Relief Committee — Report, 1998–99.

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

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

West Gippsland Healthcare Group — Report, 1998–99.

Wimmera Health Care Group — Report, 1998–99.

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

AUDIT (AMENDMENT) BILL

Second reading

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

That this bill be now read a second time.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I commend the bill to the house.

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

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

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

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

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

Debate adjourned until next day.

CRIMES AT SEA BILL

Second reading

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

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

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

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

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

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

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

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

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

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

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

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

The Crimes at Sea Bill deals effectively with two aspects of an offence: the geographical aspect — where

the offence occurred; and the jurisdictional aspect — the type of crime it relates to and what constitutes the substantive criminal law relating to the offence. It also deals with investigative powers and outlines what constitutes those investigative powers. Finally, the bill deals with procedural or judicial aspects of the offence and the court to which it should be referred.

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

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

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

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

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

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

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

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

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

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

The provisions extend beyond that, because the jurisdiction is more dependent upon which state is conducting the investigation and the prosecution rather than upon the geographic location of the offence. If, for

example, a Victorian authority is investigating an offence that occurred in New South Wales, the rules and regulations that would apply under Victorian criminal law would apply to that investigation notwithstanding that the offence occurred outside the outer adjacent area.

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

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

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

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

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

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

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

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

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

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

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

In the past year the governments of New South Wales, Tasmania, South Australia and the Northern Territory

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

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

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

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

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

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

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

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

Even though the Commonwealth Attorney-General has not granted such a consent, the absence of consent is not to prevent or delay —

- (a) the arrest of the suspected offender or proceedings related to arrest (such as proceedings for the issue and execution of a warrant); or
- (b) the laying of a charge against the suspected offender; or
- (c) proceedings for the extradition to Australia of the suspected offender; or
- (d) proceedings for remanding the suspected offender in custody or on bail.

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

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

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

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

It is clear that the existing legislation is cumbersome and has a range of serious flaws and problems. The bill needs to be passed in line with undertakings and

commitments the government has previously given. I commend the bill to the house.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In closing I highlight one minor issue that may not have been covered by other speakers — namely, the interrelationship between commonwealth and state

laws. The bill makes it clear that, where there is any conflict as to which state laws apply in a case, the decision is based on where the action is initiated. If there is a dispute about whether a crime were committed within 12 nautical miles of the New South Wales or Victorian jurisdictions, clearly that will be dealt with according to where the prosecution is brought — that is, if the prosecution starts in Victoria, Victorian law will apply and if it starts in New South Wales that state's law will apply. Schedule 1, headed 'The cooperative scheme', particularly spells out that commonwealth law will apply if a prosecution is initiated by use of commonwealth law and the conferring of commonwealth power upon the states.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

criminal law as either summary offences or indictable offences.

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

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

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

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

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

Motion agreed to.

Read second time.

Third reading

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

That this bill be now read a third time.

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

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

BUSINESS OF THE HOUSE

Sessional orders

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

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

Motion agreed to.

RAIL CORPORATIONS AND TRANSPORT ACTS (MISCELLANEOUS AMENDMENTS) BILL

Second reading

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

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

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

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

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

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

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

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

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

The bill abolishes five statutory corporations: Met Train 1, Met Train 2, Met Tram 1, Met Tram 2 and the V/Line Passenger Corporation. For the benefit of the

Hansard record and the public who will read the report of this debate in the future I point out that Met Train 1 is now known as Bayside Trains; Met Train 2 is Hillside Trains; Met Tram 1 is Swanston Trams; and Met Tram 2 is Yarra Trams.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Honourable members interjecting.

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

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

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

the emphasis has been on the road system, with only limited investment in other transport modes.

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

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

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

In Melbourne, the major regional air quality issues — to all of which motor vehicles are major contributors — are photochemical smog, fine particles and nitrogen dioxide. It is estimated that motor vehicles are the source of about 50 per cent of the hydrocarbons emitted in Melbourne, about 80 per cent of the nitrogen oxides, and 30 per cent of the particles.

Transport, and particularly road transport, is an important contributor, by its fuel use, to greenhouse gas emissions. Nationally this sector produces 12.1 per cent of greenhouse gas emissions and 10.5 per cent of this originates from road vehicles. Improvements in the fuel consumption rates both of passenger vehicles and freight vehicles are being offset by the continuing increase in vehicle use.

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

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

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

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

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

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

However, for such a system to be effective it must be more than that because it must increase its patronage and be able to carry most people. That is the test. There is no point in having the infrastructure unless it is working hard, and it must also be efficient because you cannot afford to run a system that is too great a burden on the taxpayers. We need to look at what the legislation and reforms that have gone before this

legislation have done. The record should show that the changes have massively reformed the public transport system in Victoria; they upgraded it, leading to significant increases in patronage.

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

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

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

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

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

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

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

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

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

All Victorians can be proud of what is being done. We can look forward to a good result. The situation must be

monitored, and it is envisaged that that will happen. The key point is that the real measure of how effective and efficient a public transport system will be is patronage, and patronage will increase under these initiatives. That will be the real test because if people use the system it will work.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We should all share the objective of improving access to the public transport system because it benefits everybody. One pleasing aspect of National Express taking over V/Line Passenger Corporation for both rail and coach services was its commitment to examine potential improvements, including enhancement of the rail service to Echuca; building a new station at Mount Duneed in the Grovedale area; extending the rail service from Ballarat to Ararat; extending the rail service from Sale to Bairnsdale; reviewing rail services

to other towns and cities, such as Mildura; reducing journey times to and from Melbourne; improving punctuality and reliability, particularly off-peak services; increasing frequency of service; and franchising coach services, including potential route extensions. I welcome its participation in examining those measures.

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

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

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

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

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

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

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

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

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

Essentially the bill abolishes Met Trains 1 and 2, Met Trams 1 and 2 and the V/Line Passenger Corporation. The abolition will benefit customers. For example, there will be better outcomes for the travelling public. During parliamentary sittings I use public

transport more often than when Parliament is not sitting. I use the Dandenong line trains regularly; occasionally I use the Glen Waverley line train if I am attending meetings here during the recess. The benefits of privatisation are certainly transferring through to the public. I have found the trains in particular now run very regularly — perhaps a little more regularly than they did when the service was in public ownership.

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

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

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

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

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

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

Motion agreed to.

Read second time.

Third reading

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

That this bill be now read a third time.

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

Motion agreed to.

Read third time.

Remaining stages

Passed remaining stages.

GOVERNOR'S SPEECH

Address-in-reply

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

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

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

Hon. R. M. Hallam interjected.

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

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

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

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

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

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

Hon. W. R. Baxter interjected.

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

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

The first significant reversal of that position came under the federal Howard government and in particular under

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

that, but there may be occasions when he can deliver some national leadership. I would welcome that in some areas.

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

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

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

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

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

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

Hon. J. M. Madden interjected.

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

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

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

I strongly believe Queensland and New South Wales should reform their electricity industries in a careful

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

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

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

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

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

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

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

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

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

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

Hon. R. F. Smith — I agree with you.

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

Hon. R. F. Smith interjected.

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

Hon. R. F. Smith interjected.

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

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

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

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

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

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

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

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

Hon. Jenny Mikakos interjected.

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

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

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

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

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

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

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

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

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

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

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

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

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

Hon. A. P. Olexander — Arrogance!

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

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

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

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

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

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

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

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

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

I make the genuine point that there is a difference between the two chambers. For example, my predecessor Haddon Storey was a great reformer and liberal — the tenancy laws are one example of the reforms he introduced. I challenge somebody to do

further research in the area because I have an intuition, not yet proven, that in some respects the upper house may be the vehicle for the introduction of many reforms. I suspect that the reformist ministers more often originate in this house. I may be wrong, and I stand to be corrected if the evidence shows the contrary to be the case.

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

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

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

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

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

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

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

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

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

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

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

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

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

Small is fascist too ...

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Debate adjourned until later this day.

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

GAS INDUSTRY (AMENDMENT) BILL

Second reading

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

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

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

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

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

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

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

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

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

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

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

The bill widens the scope of the legislation and includes a class of customer with no customer history. That amendment in the bill will significantly affect client businesses. It will affect what are known as those in a limited class because the total number in the second tranche of contestable customers is about 110 to 120. A new class of customers in the second tranche without a

gas consumption history had not previously been envisaged. I understand about 8 or 10 customers will have a total consumption value of about \$10 million.

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

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

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

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

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

scheduled introduction of gas competition and the revised timetable.

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

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

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

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

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

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

The bill incorporates the revised timetable of contestability announced last year. The remaining clause makes minor miscellaneous amendments to the

Gas Industry Act, basically to correct typographical errors.

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

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

Hon. Philip Davis — We heard about that before.

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

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

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

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

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

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

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

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

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

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

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

Honourable members may recall that in the early days of the process the Office of the Regulator-General did some work on gas pricing. There was debate on the weighted average cost of capital as used by the Regulator-General. An appeal on the matter tended to hold up the process somewhat. Although the

government has done the right thing by not moving the end date — that is, the date by which full contestability will take place — delays have meant that, rather than the tranches spanning three years, they will extend over a somewhat more collapsed period, started in October 1999.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Hon. R. M. Hallam — Why?

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

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

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

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

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

Hon. R. M. Hallam interjected.

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

Honourable members interjecting.

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

An Opposition Member — That is in Melbourne.

Hon. T. C. THEOPHANOUS — You might think it is a suburb of Melbourne, and perhaps it will be as Melbourne expands, but gas supplies were extended to

a number of country regions throughout Victoria under the Cain–Kirner governments.

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

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

Hon. K. M. Smith interjected.

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

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

An Opposition Member — You believe in competition?

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

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

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

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

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

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

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

I do understand the simple process of machinery of government, Mr President, and I can pick when people bluster to get their own way. A trend of arrogance is emerging on the government side. It is both appalling

and insulting that only two opposition members were allowed to attend a recent briefing on another bill. The speed with which the bill was introduced means that either the government is incompetent or that it is taking the opposition for granted. Either way, I do not like the emerging trend. I prophesy that if the trend continues the government will have difficulty getting its legislation passed because the opposition has not been properly briefed.

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

Motion agreed to.

Read second time.

Committed.

Committee

Clauses 1 and 2 agreed to.

Clause 3

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

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

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

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

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

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

The CHAIRMAN — Leave is granted.

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

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

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

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

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

otherwise be included in the second tranche, and as a matter of principle I am all in support of it.

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

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

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

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

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

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

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

Clause agreed to; clause 4 agreed to.

Reported to house without amendment.

Remaining stages

Passed remaining stages.

ADJOURNMENT

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

That the house do now adjourn.

Retail Tenancies Reform Act

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

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

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

of, engaged in, or concerned with, commerce

In turn, 'commerce' is defined as:

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

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

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

That should come within the minister's portfolio.

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

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

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

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

Member for Chelsea Province: discrimination

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

Lorne community hospital

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

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

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

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

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

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

Melbourne–Geelong road: upgrade

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

The Geelong and Werribee communities have campaigned long and hard to have the Princes Highway upgraded. Earlier this year a Geelong man placed 85 white wooden crosses on the highway just outside Lara as a stark reminder to everyone who uses what is

known as the Geelong road of the danger and to put pressure on all levels of government to upgrade the road. Funding commitments have been made by the federal government, the former Kennett government and now the Bracks Labor government, of which I am a member. I ask the minister to advise the house of the timetable for this much-needed upgrade between Geelong and Melbourne.

International Fibre Centre

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

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

Scoresby freeway

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

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

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

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

Port Phillip Bay: fishing rights

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

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

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

Calder Highway: duplication

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

The proposed Harcourt bypass near Bendigo, which is a major regional centre, has been a contentious issue. A number of options have been placed before Vicroads on

the most appropriate route and proposals have been under consideration for almost 12 months.

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

The state government will reopen all potential routes for the \$200 million Calder Highway Harcourt bypass.

The new government's review of the bypass selection process will include revisiting routes dumped by Vicroads more than 12 months ago.

And the government has not ruled out employing engineers to redesign an entirely new route for the highway.

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

Princes Highway: Pakenham bypass

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

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

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

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

Gippsland: disaster relief

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

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

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

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

Safety houses: Croydon

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

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

starting to look seriously at closing down networks set up for our schoolchildren because of the administration burden.

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

Petrol prices

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

Camelot Rise Primary School

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

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

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

Electricity: safety compliance certificates

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

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

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

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

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

Walwa Bush Nursing Hospital

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

The proposal to enable the Walwa hospital to provide accident and emergency services at a cost of \$170 000 is a solution and would require only a modest contribution from the government to keep the hospital open. I urge the minister to make a quick decision. The weekend newspapers reported that the Minister for

Health in his capacity as Minister for Planning made a grant of \$300 000 to restore a derelict locomotive shed in my electorate. As welcome as that grant is, the people of Walwa have some difficulty in understanding where the priorities lie if they cannot have \$170 000 to keep the hospital open, yet the government can find \$300 000 to restore a derelict shed.

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

Mallee: exceptional circumstances relief

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

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

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

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

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

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

Schools: sport funding

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

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

Hon. J. M. Madden interjected.

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

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

Waverley Park

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

This morning I read the minister's contribution to the debate, but I must confess I am none the wiser. The government's policy on Waverley Park states that Labor will begin negotiations with the Australian Football League and other parties involved and pursue

every option to keep the park in operation for the benefit of the community. The key words there are 'pursue every option to keep Waverley Park open'. 'Every option' surely includes options that will involve some expense to the government. Some may even involve considerable expense to the government.

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

Housing: Port Melbourne estate

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

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

Geelong: water sports complex

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

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

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

Honourable members interjecting.

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

Honourable members interjecting.

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

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

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

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

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

... the government does not support this project —

the international water sports complex for Geelong —

as proposed at the Belmont Common. Funding will therefore not be provided for the current proposal.

In addition, I am not convinced that a thorough investigation of all possible sites, both in Geelong and elsewhere in Victoria, has been carried out. I have therefore requested —

the minister may not know this —

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

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

Member for Chelsea Province: electoral enrolment

Hon. T. C. THEOPHANOUS (Jika Jika) — I ask the Minister for Small Business representing the

Attorney-General to clarify whether members have a right to vote in a province they represent when they live outside that province. As I understand it, that may be the case with federal members. I understand that in the voting in Chelsea Province the Honourable Cameron Boardman may have voted in the marginal seat of — —

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

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

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

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

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

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

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

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

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

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

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

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

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

Unions: membership

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

comments as bizarre, untrue, factually incorrect and inexplicable, particularly given the source of the information.

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

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

Yarra Valley Hockey Club

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

Responses

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

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

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

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

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

Honourable members interjecting.

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

Honourable members interjecting.

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

Honourable members interjecting.

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

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

Honourable members interjecting.

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

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

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

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

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

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

Honourable members interjecting.

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

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

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

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

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

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

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

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

Honourable members interjecting.

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

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

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

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

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

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

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

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

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

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

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

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

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

Debate interrupted.

DISTINGUISHED VISITOR

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

ADJOURNMENT

Debate resumed.

Motion agreed to.

House adjourned 10.34 p.m.

Wednesday, 8 December 1999

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

**FREEDOM OF INFORMATION
(MISCELLANEOUS AMENDMENTS) BILL**

Introduction and first reading

Received from Assembly.

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

PERSONAL EXPLANATION

Hon. M. M. GOULD (Minister for Industrial Relations) — I desire to make a personal explanation. Yesterday in question time the Leader of the Opposition referred to comments made by me during the debate on Wednesday, 1 December, on trade union membership, and the Leader of the Opposition raised the matter again on the adjournment last night.

During the debate I made comments along the lines that workers can come under federal awards only if they are members of a trade union, and workers who are not members of unions cannot be respondents to federal awards.

I now wish to advise the house that the statement I made is not fully accurate, and I wish to take this opportunity to correct the record. Technically a union can seek to make a company respondent to an award even if the union has no members at such a company. A company, through its membership of an employer association, may have to comply with a relevant award. Therefore companies that employ workers who are not members of a union may become bound by an award either by being roped in by a union or through the company's membership of an employer association.

I apologise to the house for any misunderstanding caused by my not having fully explained the position in the first instance. I hope my explanation fully covers the situation, and I thank the house for its indulgence.

PAPERS

Laid on table by Clerk:

Austin and Repatriation Medical Centre — Report, 1998–99 (two papers).

Parliamentary Committees Act 1968 — Minister's response to recommendations in Public Accounts and Estimates Committee's Report upon Annual Reporting in the Victorian Public Sector.

**MINERALS AND PETROLEUM:
GOVERNMENT POLICY**

Hon. PHILIP DAVIS (Gippsland) — I move:

That this house invites the Minister for Energy and Resources to outline the minority Labor government's policies and plans for minerals and petroleum.

I move the motion to maintain what I believe has been the spirit of cooperation in the Parliament over a long time with both government and opposition members seeking to maximise opportunities for the minerals and petroleum industries. Of course there are inevitably differences of view about how that will be achieved.

It was of great concern to me to find on entering the election campaign leading up to 18 September, and subsequently, that ALP members were unable to give any indication of their party's direction on what is one of the most significant aspects of the state's economy — the minerals and petroleum industries. In a sense there is a moratorium on the spirit of bipartisanship because clearly the opposition, the industry at large and the community in general had no idea of the intended policy perspective of the government.

On 9 and 10 November the Minister for Energy and Resources revealed that that is right and that there is no ALP policy. She told the house that the Labor government will, in consultation with the industry, seek to develop a policy. That is a nice bit of rhetoric, but I would be interested to know — and the purpose of the motion is to assist the minister to lay this information before the house — what the government has achieved in working with industry to develop a framework for minerals and petroleum. The minister could reveal to the house which industry stakeholders, if any, she has met with on this aspect of policy development.

It is important to place on the record that in 1992 the Kennett government assumed office with a clear policy framework that had been developed in association with industry over the period leading up to that election.

It is evident that that framework was implemented effectively. It led to both significant increases in investment and major and substantial production improvements in Victoria with risk capital being ventured for some particular resources. As an example, a most significant project for the future is the new

Bendigo goldmining project to which, in its early development phase, \$35 million has already been committed.

I wish to put into perspective the importance of the minerals and petroleum industries to Victoria. As a brief snapshot, those industries produce more than 65 million tonnes of coal each year; some 5 tonnes of gold; 85 per cent of Victoria's electricity through the brown coal resource; almost half of Australia's crude oil; and all of Victoria's natural gas — when gas can be produced without disasters such as that which occurred recently. The quarry and extractive industries that produce materials for construction and roadwork have an annual turnover of some \$5 billion and are of major significance to the state's economy.

The mining industry alone employs some 20 000 Victorians, the majority of them residing in regional Victoria. As I said, the resource industry production includes brown coal used exclusively for power generation. Oil and gas production from the offshore Gippsland and onshore Port Campbell fields is significant. The importance of attracting investment into exploration and development of new fields is increasing. With the development of a contestable market the new retail companies in particular will seek alternate and additional supplies of gas.

Gold comes primarily from central Victoria with the principal mines at Stawell and Fosterville. Bendigo is the largest goldfield in Victoria and the second largest in Australia. It is a significant prospect and estimates vary about the potential of that field. In today's money terms the net present-value calculation of all the gold mined at Bendigo is estimated at some \$20 billion. It is also estimated that residually as much gold again still remains to be mined.

The net present value of gold as a resource to Victoria has been estimated at more than \$40 billion, which is equivalent to 32 per cent of all the gold mined in Australia and 2 per cent of all the gold mined worldwide. Given that Victoria has significant resources available for exploitation great prospects exist for increased wealth creation in the goldmining sector.

Other important minerals assets include gypsum, silica, feldspar and kaolin. The extractive and quarrying industries are important as they quarry rocks, sand and clay used in building construction work.

The extensive brown coal seams of the Latrobe Valley provide Victoria with some 85 per cent of its power source and are critical to the state's electricity generation. Over time that huge asset of natural

resource in brown coal will become more attractive as alternate uses for it are developed. Honourable members would be well aware of efforts in the 1980s to develop a liquefaction process that would produce an alternative to crude oil.

On a hot day such as this, electricity is a great and wonderful asset because it powers the fans that cool the chamber. Victoria should invest heavily in the future of its brown coal electricity resource. Brown coal has been a critical asset to the state since the 1920s and its importance to the state's economy should be recognised.

The additional spin-off of the development of the electricity industry in the short term has been that Victoria recently went through a privatisation process and over \$20 billion of state debt was retired as a result of the sale of electricity assets.

Since 1969 Gippsland has supplied domestic and industrial customers with gas for a reticulation system that covers well in excess of 4000 kilometres. As has been mentioned on earlier occasions, many rural communities are seeking connection to the gas grid. In the long term, as both consumption in manufacturing and the growth of the state continue to increase demand, there will be a need to identify additional supplies and investment in exploration is therefore critical.

The Gippsland petroleum basin has been responsible for more than two-thirds of Australia's cumulative oil production to date, and that has led to significant establishment of petrochemical facilities in Melbourne. Not only have Victorians benefited over the long run from exploration and production investments, the activities have generated significant employment and wealth creation in the petrochemical industry, which is based substantially in Melbourne and its surrounds. Oil and gas remain the most valuable commodities generated from the earth's resources.

I turn to the importance of gold to Victoria. Historically there have been significant booms and busts in the economy and none has been greater than the gold boom of the 1850s. The community is the beneficiary of the legacy of that boom, and many of the great buildings of Melbourne, Ballarat and Bendigo were established as a result of the wonderful economic benefits gold brought to those regions. That opportunity may arise again if Victoria's resource base is managed effectively. The potential for growth in gold production is enormous. It has been established that the high-risk but worthwhile investment at Bendigo through the 1990s of consolidating a number of leases to establish a new

Bendigo gold venture has the prospect over time of leading to the same level of wealth creation as was achieved historically.

The motion has been designed to create an opportunity for the minister to lead the house through some of her views about how to advance what is a significant industry to Victoria's economy, and more particularly to regional economies, because most resource-based activities are located in regional Victoria: brown coal in the Latrobe Valley, the Bass Strait oil and gas fields, the goldmines in central Victoria, and in north-western Victoria the prospect of mineral sands being developed as potentially one of the biggest resource developments in Australia. I look forward to the minister indicating how the government intends that mineral sands development will be facilitated.

My interest in resource-based activities is not only in extracting the value to regional Victoria but also in adding value to the state as a whole, generating the wealth that will create employment and removing the restrictions that sometimes frustrate opportunities for industry to succeed. The resources industry is important to rural and regional Victoria. It is of paramount importance to the maintenance of an appropriate community infrastructure in areas where industry already exists and critically important to the further development of small rural communities that have declining resources in the form of trading opportunities for their traditional agricultural production. Those communities need and are already seeking government assistance to develop other natural resources that lie within the earth, which has supported agricultural pursuits for some 150 years.

I should be interested to hear the minister's comment on a number of issues. It is important that she understand the need to facilitate the development of mining in the Latrobe Valley.

For example, Yallourn Energy is investing about \$200 million in a major development of the Maryvale mine to sustain its resource base into the future. The government needs to assist Yallourn Energy to ensure the success of that development. Hazelwood Power recently advised me of proposals for mine extensions to secure the security of the resource. I would be interested to hear the minister's views on how the government might facilitate that proposal.

It is important that safety matters are addressed in any industry. I will be interested to hear the minister's views on safety management in mining. The industry gave safety a significant focus during the time I had the pleasure of chairing the quarterly meetings of the

Extractive and Mining Industry Advisory Board. The board was established to bring together the government, through the department, the Victorian Chamber of Mines, representatives of the extractive industries and the Prospectors and Miners Association of Victoria to canvass important issues. One thing that has become evident over the past year is the need for the industry to improve its fairly effective safety management process. In the wake of the Longford gas plant disaster in September 1998 safety has become an issue of critical importance to the mining industry. I will be interested to hear the minister's views on the issue.

One important aspect I have noted regarding the future of the mining industry, and I refer to the goldmining industry in central Victoria in particular, is the impact the current Environment Conservation Council (ECC) box and ironbark study will have on access to both public and private land. In the context of today's debate, it would be helpful if the minister were able to advise the house how the government may help to secure access to locations with potentially significant resources.

One problem is that what we know about mineral resources today may be out of date in a few years because of government geological survey processes and individual investments by exploration companies. If, as a result of recommendations by the ECC, additional national parks were created, the question would be what action the government would take to ensure the maximum benefit to the state is retained — if, indeed, there is a need to adopt the recommendations made by the ECC.

In 1993 the previous government invested in an exploration initiative known as the Victorian Initiative for Minerals and Petroleum (VIMP). The initiative was a significant adjunct to the investment in the geological survey of Victoria, which started in 1856.

In 1856, following the establishment of private efforts to identify gold, the colony made its first investment in the geological survey that has been significantly extended in recent years by the investment of \$25.5 million in VIMP. That important initiative has identified additional resources and has been matched in effort by the industry; for every \$1 of government money invested, \$10 of private exploration funds have been committed.

In 1992–93 the level of exploration investment was \$12 million; by 1997–98 that had jumped to \$52 million. It goes without saying that, given the nature of capital markets, it is always a challenge to find the capital required to invest in a high-risk aspect

of the industry. However, a commitment by government to facilitate a better understanding of our resource base has encouraged and attracted additional private investment.

Although in most recent times there has been a trend downward, that seems to be more reflective of the nature of capital markets. High-risk technology stocks are attracting the tranche of capital investment that might otherwise have been made in mineral exploration. The significant increase in annual investment in mining developments from about \$14 million to \$100 million should be noted. That investment reflects the consistent state government policy of the past seven years. I look forward to the minister advising the house on how the minority Labor government will be able to engender the same confidence and attract investment as did the former government.

It is useful to recap on one of the most critical aspects of supporting the industry — namely, ensuring that impediments to access to land are minor. In her general comments the minister might like to outline to the house how the government intends to maintain the sustainability of the industry by ensuring land access.

Obviously the base of any mining activity is investment, exploration and, having identified prospects, the development of those prospects. It is estimated that for every investment in a potential exploration prospect only 1 in 1000 is developed into production activity. Mining carries significant risks, and the Crown has a responsibility to facilitate production activity.

Sometimes the question of employment in the industry arises in discussions. One aspect of employment is often overlooked. Historically Melbourne has supported a significant mining industry; currently it is the centre of 50 per cent of the headquarters of Australian mining houses. I have alluded to the development of the Gippsland oil and gas basin leading to the establishment of headquarters of petrochemical companies in Melbourne. BHP, North Ltd, Western Mining and a number of other businesses at the larger end of the industry have located their principal activities in Victoria without necessarily having any active mining concern in the state at a particular time.

It is interesting to note that Victoria has developed an infrastructure of intellectual capital, facilitated substantially by capital markets. The culture in the mining industry is that Melbourne is a good place to be located because of access to both the capital markets required for risk capital and particularly the intellectual

structure. Some of the people who prefer to be located in Melbourne rather than elsewhere have the considerable management skills and technical proficiency capable of supporting complex ventures. Significant mining ventures in other states and internationally are managed from Melbourne.

I would like to see the government put in place an initiative to build on that strength. Significant opportunities exist for building on Melbourne's reputation as a headquarters, thus creating an additional layer of employment and enhancing wealth creation by attracting capital into Victoria.

I return to the geological survey. It is critically important that Victoria invest in establishing a knowledge base that facilitates lower risk exploration — in colloquial terms, more bang for the bucks for the investor-explorer. That has been considered a responsibility of government since 1856 and it reached a new level with the election of the Kennett government. In 1993 VIMP was established. Over the period to June 2001, state funds of \$25.5 million were committed for a single initiative aimed at adding a layer to the geological survey of Victoria. Clearly from a budget perspective the government will need to give serious consideration to continuing that investment which stimulated an enormous level of interest in Victoria among large and small prospectors and attracted a significant effort and level of risk capital that the state industry had not seen for many years.

It would be of concern to the opposition and the industry if the government were unable to continue that important investment and the government would be applauded if it were to make that commitment. That initiative facilitated a better understanding of the resources of the state and continues to do so. Indeed that work has given rise to the prospect of developing gold resources in the Mount Wellington area between Jamieson and Licola. Although that project is at an early stage, it is certainly the direct result of the VIMP initiative. I would be delighted to see that project developed.

Although the Honourable Graeme Stoney, who represents Central Highlands Province, and I would argue about which province that project is located in, I am sure it will be of benefit to the regional economies of Gippsland and north-eastern Victoria.

The motion is not designed to be a barrage against or a berating of the minister or the government; it is an attempt to provide the government with the opportunity to do something in the Parliament which it was unable

to do during the election campaign — that is, to spell out to the house, to the Parliament and the community of Victoria its vision for a significant and important aspect of our life which represents some 4.5 per cent of gross state product. The industry is an important asset and it would be of concern to me and the house if the government has no vision about it.

Hon. C. C. BROAD (Minister for Energy and Resources) — Notwithstanding the fine words spoken, the motion challenges the government today, as has the opposition on previous occasions in question time and at other times, on its alleged absence of a minerals and petroleum policy. The government is pleased to respond to that challenge. It knows full well — despite what the shadow minister has said in supporting the industry — that it is an important industry. To this time the actions of the previous government have not been relevant to the real needs of the industry for the state and the community. It is pleasing to hear the invitation to take a bipartisan approach in supporting the industry into the future. That is something the Bracks Labor government would welcome. In my meetings with industry representatives to date I have indicated that the government would be willing to join with them — as I have indicated to the shadow minister.

It would be useful to set out what the government is talking about in respect of the industry. One must address in a meaningful way a coherent set of boundaries that take the energy sector into account.

I was pleased to hear the shadow minister refer to the importance of the electricity industry. Clearly there is not much other use for the brown coal that is dug up than for electricity production. Equally, the production of natural gas should be considered in association with its processing, distribution and retailing. For example, I was pleased to meet with representatives of BHP to discuss its proposals to establish a fertiliser plant.

A framework was used by the previous Labor government and the Kennett government until about 1996, when something happened to it — that is, the Kennett government became somewhat preoccupied with the privatisation of the energy industry. It managed to go to the 1996 election without any petroleum and minerals policy, but with a great deal to say about the privatisation of the electricity and gas industries.

After the 1999 election the Kennett government gave no recognition to the portfolios covering petroleum and minerals. The new Leader of the Opposition allocated a portfolio to the current shadow minister in belated acknowledgment of the importance of the industry,

following the recognition and elevation of the industry by the Bracks Labor government.

It is not surprising that such priorities should flow from the policies the Labor Party took to the recent election. Those policies fit well within the approach of the new Bracks Labor government's to industry policy for the state in general and regional Victoria in particular. The contribution that the petroleum and minerals industry have made and can make to regional Victoria in particular sits well with the policies Labor took to the election.

The framework which the Labor Party took to the election also placed a great deal of importance on energy policy and Labor's vision for energy, which includes establishing an essential services commission; maintaining a maximum uniform electricity tariff; giving local councils the opportunity to become electricity retailers; establishing Victoria's first energy park in Gippsland — I was present yesterday at the launch and the announcement of further details by the Premier together with the electricity generators from the Latrobe Valley and the shire. They are enthusiastic about Labor's commitment to that initiative. I look forward to working with Minister Brumby and with that task force and reporting early next year on the implementation of that commitment.

Labor also took to the election a policy to establish a sustainable energy authority and promote the use of alternative energy and demand land management practices. The policy agenda clearly demonstrates the Bracks Labor government's view that government has a fundamental role to play in the provision of energy, which extends to the important areas of coal mining and petroleum production in the state.

The Bracks Labor government strongly supports and recognises the importance of a market-based economy, which ensures growth and prosperity.

Hon. Bill Forwood interjected.

Hon. C. C. BROAD — It is a matter of how we manage them, Mr Forwood. However, we are not so naive about the potential of the market as to also deliver adverse social and environmental outcomes. It is for that reason that as well as strongly supporting the importance of the industry, the Labor Party in its energy policy was concerned also to ensure that regional communities receive the benefits of increased efficiencies, that low-income families in particular as well as families in country and regional Victoria are protected, and that Victoria properly addresses the

challenges of climate change and the opportunities they may present.

The policy must also be driven by a major focus on priority areas. The fact that the upstream minerals and petroleum areas are not given specific attention in the policies that Labor took to the election does not mean that their significance is not recognised. Honourable members will remember the substantial reforms contained in the Mineral Resources Development Act, which was critical to unlocking the potential for exploration and mining in Victoria. It was referred to earlier by the shadow minister and was a very important initiative of the earlier Labor government.

The Bracks Labor government believes the legislative framework and other components of it that underpin the development of the extractive minerals and petroleum industries are largely sound and are serving the industry and the community adequately.

I was pleased recently to outline in a feature article in the *Discovery* magazine, Victoria's earth resources journal for November — —

An Opposition Member — That has your photo in it?

Hon. M. A. Birrell — You are not going to quote a departmental publication, are you?

Hon. C. C. BROAD — My word, Mr President.

An Opposition Member — Is it a good photo?

Hon. C. C. BROAD — I should certainly hope so! The article outlines the Bracks Labor government's and my commitment to many of the areas to which the shadow minister referred today in relation to the importance of the minerals and petroleum sectors.

Honourable members interjecting.

Hon. C. C. BROAD — It is interesting that notwithstanding the comments that have been made today about the importance of many of those areas, they were not mentioned in the policy the previous government took to the 1999 election. For example, I refer to earlier statements about the importance of goldmining and the development of Bendigo, which is a centre of significant investment in the future of this state and which I was recently pleased to visit. I was taken to the Swan Decline and shown around that investment project, which for some inexplicable reason was not mentioned in the policy that was taken to the election.

An Opposition Member — But what do you want to do in government?

Hon. N. B. Lucas — We want your policies, not ours!

Honourable members interjecting.

The PRESIDENT — Order! The minister cannot possibly respond to four interjections at once. I ask honourable members to allow the minister to develop her speech without interruption.

Hon. N. B. Lucas — We want to hear your policies. We want to hear whether you have a policy and what it says, and which government facilitated the investment.

Hon. C. C. BROAD — A number of other areas were not referred to. They included the petroleum industry which, we would have thought, given the words that have been spoken today, might have rated a mention. It actually did not.

An Opposition Member — Did it rate a mention in your policy? What is your policy?

Hon. C. C. BROAD — I believe that election policies only serve a certain purpose.

An Opposition Member — They tell us what your plans are and you are held accountable for them.

Hon. C. C. BROAD — They did not in the case I have mentioned. The previous government had nothing to say on many of the matters — —

Hon. M. A. Birrell — On a point of order, Mr President, clearly the minister is avoiding the motion and not wanting to say anything about Labor Party policy. She is playing with the motion and trying to cover up the fact that the Labor government has no ideas at all. Instead she insults the opposition by saying what should have been in its policy. Rather than making a fool of herself she should come back to the motion and address the issue of whether the Bracks government has a policy — plans, ideas — that is anything more than the rhetoric she has been giving us. The motion is clear and the minister is failing to address it in any way. She is not developing ideas. We have not heard her address the motion at all.

The PRESIDENT — Order! It is clear that the minister's response is relevant to the motion. Whether it gives the response the opposition is looking for we have yet to find out because her speech has not finished. The issues raised by the Leader of the Opposition are

matters for debate, and no doubt other members on both sides of the house listed to speak will deal with them.

Hon. C. C. BROAD — In relation to the policies that the Labor Party took to the election, the Bracks Labor government is keenly aware of the commitment that has been referred to and of the importance of exploration.

In my discussions with representatives of the industry to date I have spoken of the importance of geological survey to exploration. It is a commitment that in those discussions has been very well supported as an example of the role that government can play in facilitating the industry.

An opposition member interjected.

Hon. C. C. BROAD — It is an area that goes back to a time before the previous government. Putting that to one side, I point out that Geological Survey is — —

Hon. M. A. Birrell — Are you committed to it or are you mentioning it in some rambling passage?

Hon. C. C. BROAD — If the Leader of the Opposition will let me go on he will find I was about to say that the Bracks Labor government has a strong and ongoing commitment to that area.

Hon. N. B. Lucas interjected.

Hon. C. C. BROAD — I cannot convey that commitment to those representatives; it is already funded, Mr Lucas.

Hon. N. B. Lucas interjected.

Hon. C. C. BROAD — No, it is the taxpayers' money. The government will continue to support that role and the adequate resourcing of it.

I have been pleased during my discussions with representatives of the industry to hear of the improvements in the industry's safety record and the importance it places on not resting on its laurels but on continuing to improve its record; there is still room for improvement. The Labor government is committed to working with the industry within the legislative framework, through my department, to do everything possible to improve safety.

The house will be aware of the impact on open-cut goldmining, which has been referred to during the debate. It is important that the government take a balanced approach in meeting with representatives of the mining industry, local land-holders, farmers and

other community representatives. Clearly it is a vexed area.

The Bracks Labor government is committed to ensuring that the strongly held views on all sides are addressed through the environment effects statement process. That will ensure all stakeholders are properly consulted and have the opportunity to put their views. If necessary, to ensure that the industry can operate in a framework that is acceptable to the entire Victorian community, the government will consider bringing forward changes to legislation to improve on the approach of the previous government which appears, from representations made to me to date, to have left all sides in this area unimpressed and not satisfied with the way the issue has been managed in the past.

Other honourable members will refer to a number of areas in more detail, including safety — —

Hon. M. A. Birrell — On a point of order, Mr President, it is clear the minister is trying to wind up her speech, saying further speakers will talk about the government's policy. It is a complete dereliction of her duty that the minister has not told the house about the government's policy or its aims. We do not want junior backbenchers to give us a hint. The minister, who has had a day's notice of this motion, should give the house an idea, a hint, a wink or whatever on what the government wants to do in this area. The house has not heard a single word about the government's policy. We do not want to wait for backbenchers to fill out the remaining time. The minister has not yet addressed the motion, but should respond to it.

Hon. Bill Forwood — What is the motion, Minister?

Hon. C. C. BROAD — Your side moved it.

The PRESIDENT — Order! In a debate such as this there is a certain requirement that the address by any member must be relevant to the motion and the response by a minister must be relevant. It is clear that the minister's response has been relevant to the motion. It is clear from comments from the Leader of the Opposition that he is not satisfied the minister has addressed all the issues raised. But there is no requirement on the minister to do that. She can delegate matters to other members of her team, although the normal response would be for the minister to give the lead through a substantial response. There is no point of order.

Hon. N. B. Lucas — On a further point of order, Mr President, is it possible under standing orders for the house to record in *Hansard* that the minister has not

addressed the motion and referred to issues concerning policies and plans; in the future, when people — —

The PRESIDENT — Order! The honourable member has just done that: he has recorded his point in *Hansard*.

Hon. C. C. BROAD — I doubt there is anything I could say to satisfy the Leader of the Opposition.

Hon. Bill Forwood — Why don't you try?

Hon. C. C. BROAD — As I was saying, in the area of mineral sands — —

Honourable members interjecting.

Hon. C. C. BROAD — It is an area to which the Labor government is also committed, to ensure not only the development of that industry but to provide the necessary infrastructure and processing which, as I have said in previous statements, is of enormous importance to the Wimmera region and to employment in the area. That is an important plank of the Bracks Labor government's policy.

In conclusion, the government will implement not only a comprehensive energy reform policy but also will ensure that in the overall framework I described at the commencement of my remarks the minerals and petroleum industries will be developed in a responsible manner as part of government policy.

Hon. C. A. STRONG (Higinbotham) — The minister's response strikes at the very heart of the opposition's concern: is there a policy? Does the government believe the mining and petroleum sector is something it can write off because perhaps it does not fit in with some philosophical government position on the environment, or something to do with the Greens, or whatever?

The key issue is that the mining and petroleum sector is an enormously important part of the state's economy, as has been the case for more than 100 years, and it is still an important sector of the state's economy.

Government members must realise that if they want to service their constituencies properly, the government must have a strong and growing economy. In that way it will create jobs — and that is the best social justice the government can give the state!

The economy is like a finely tuned motor in that you cannot abandon one cylinder of the motor and expect it to continue running. It is clear that this enormously important sector of the economy is in danger of being written off. Even if the government does not intend to

write it off, believe me, the key issue is confidence. The government's actions are like bursting a confidence balloon.

The industry has two segments: the small mining and large mining segments. The large segment, which covers large mining and petroleum exploration undertakings — and the mineral sands exploration that the minister referred to — are all funded by big corporations that operate in an international environment. If they sense any diminution of support or lack of confidence in Victoria the corporations will take their activity, money, investment and job creation from Victoria. The government should never forget that most of the mining employment and job creation happens in rural Victoria — that is where the employment is and where the money is spent.

Unfortunately many jobs in rural Victoria are not in the high-tech area. Mining creates high-tech employment in rural areas, and it is one of the few industry sectors that does. That is enormously important when talking about a framework and developing this and developing the other thing.

My plea to the Minister for Energy and Resources is to develop a framework very quickly, because the large mining corporations will take their jobs and their investments away, which will be another body blow to good jobs in rural Victoria, because the mining industry is one of the few areas where people can find that sort of employment.

It is important for the minister to act quickly. She may or may not be aware that only 10 years ago Canada was one of the leading countries in mining exploration technology. Canada dropped the ball — everybody has now left. The truth is that a great deal of the gains in the mining industry in Victoria came from people abandoning Canada and coming to Australia because of the good environment here. However, the people will go if they sense any lack of confidence and commitment.

Many countries are happy to welcome exploration for minerals and petroleum. Resource-rich but often poor countries can give their economies an enormous kick-start. International companies in Melbourne and Victoria — for example, BHP, Western Mining Corporation and North Ltd — will take their bats and balls and go away and put their mining dollar where people want it, and many have already done so. That investment is liquid and footloose.

There is no reason Victoria should not have that economic growth, but those people have clearly shown

their ability to move on, and that is what they will do if there is a pause in confidence. That is why I say to the minister: take all measures to develop frameworks and pursue all the other matters, but do it quickly, because Victoria, particularly rural Victoria, will be the loser if you do not.

Enormous skills come off the back of mining and exploration. For example, a very good school friend of mine, Dr Peter J. Gunn, is one of the world's leading geophysicists who has managed a lot of magnetometer surveys throughout the world. A company in my electorate, Desmond FitzGerald and Associates, is a world leader in interpreting aerial flight data. A large proportion of its business is conducted offshore.

Victoria is acknowledged as being one of the world leaders in the industry, and that recognition will simply disappear because of lack of confidence. The minister must understand that the industry, sometimes with good reason, has felt the blows of public criticism. There have been and are cowboys in the industry who have given the industry a bad name. Because of that the industry has been picked on, and it is sensitive to criticism. It has become more responsible because it realises it must do so to survive.

The minister must understand that the industry is sensitive and perhaps needs a little more tender loving care than other industries. I urge the minister, if her mining policy is not fully developed, which would appear to be the case, to act quickly to keep investment in Victoria. What is at stake is not only investment in rural Victoria that is creating jobs and ploughing money into local economies by buying goods and services locally — for example, employing local mechanics to repair the gear and local contractors to do the work — it is also Victoria's and Australia's status as one of the world's leading nations in the mining and exploration of minerals and petroleum, and Melbourne is basically the centre of that activity.

That gives Melbourne enormous prestige and enormous job growth, and allows technology to be levered off into other activities. For example, I had the pleasure some three or four years ago as a judge in the engineering excellence awards of looking at a small engineering company, Australian Marine Offshore Services, which does a lot of work for the oil rigs in Bass Strait. As a result of doing that work over many years the company has developed unique techniques, equipment and skills in servicing deep water offshore rigs, and it is selling that technology and expertise around the world. It is out there employing young Victorians in one of the world's leading engineering activities. Deep water offshore oil technology is

perhaps second only to space technology and research activity in its high-tech nature. We have that leadership, and we cannot afford to lose it.

Living in the huge Asian-Pacific region we can only grow our economy with the skills that we have, particularly with the value we can add to the vast work forces of other countries. We cannot compete in many areas, but one area in which we clearly can compete is in skills, and many of those skills are linked to the mining sector.

If, as it appears, there is no policy, I strongly urge great speed because although it may give some people satisfaction to say the Labor government lost this industry to Victoria, it will not satisfy Victoria because the industry is one that the state does not want to lose. The industry has been pivotal to Victoria for more than 100 years. It has built rural Victoria and its engineering and technological base over many years. It is an industry that must be preserved. Action needs to be taken because it is a question of confidence with this international industry which will move if it detects any weakening of confidence by the government.

I support the motion and urge the government to act quickly in telling the industry what its policy is. If it does not have a policy, it should work quickly to get one.

Hon. KAYE DARVENIZA (Melbourne West) —

The Minister for Energy and Resources has already outlined how the government's policies on the energy, minerals and petroleum sectors have been prioritised and are the focus for reform. Those areas were neglected by the former government. I will concentrate on one of the critical sectors of the industry to point to the absolute hypocrisy of the opposition's challenge to the government over policy priorities.

The upstream petroleum industry — that is, the exploration for and production of oil and gas — has been of critical importance to all Victorians. Since the discovery of the world-class Gippsland oil fields in the mid-1960s, Victoria has benefited from abundant supplies of competitively priced oil and gas. Those supplies have underpinned the development of industry and commerce in Victoria and have been a major source of competitive advancement as well as the envy of the major state to our north.

After about 30 years of production, oil supply from the fields is in decline — although the daily value of our oil production is currently about \$8 million. The fields are a major source of wealth, employment and, more critically, taxes. They make a major contribution to

Victoria's economy and wellbeing. Natural gas production is valued at around \$2 million a day. However, the tragic events at Longford on 25 September 1998 demonstrate graphically how widespread the support for gas supply is and how much value the community places on the gas supply. It is valued at around \$100 million a day.

The Honourable Philip Davis mentioned the effect that gas production has on mining. It is more far-reaching than that. It reaches into many parts of Victoria's economy. The ongoing supply of gas is also critical to the petroleum chemical complexes in my electorate of Melbourne West. Those plants use an enormous amount of gas.

The natural gas industry in Victoria has for most of the past 30 years been an equilibrium between the monopoly private sector supplier, Esso-BHP, and the government, through the former Gas and Fuel Corporation as the major purchaser. The Kennett government destroyed that equilibrium and exposed Victoria to future risks of monopoly economic rents going to the upstream supply.

Victoria faces a challenge to ensure it plays its part in Australia's contribution to reducing global warming and to meet the targets that were set at Kyoto. All commentators recognise the importance of the lower carbon intensity of natural gas in meeting that challenge. Natural gas is correctly seen as the bridging fuel to much lower carbon-intensity technologies of the future.

Hon. G. R. Craige — Don't forget the cows.

Hon. KAYE DARVENIZA — I could say a few things about the cows. In the face of all those problems, Labor presents a comprehensive energy policy that sees the government playing a fundamental leadership and regulatory role to ensure the outcome of properly balanced economic, social and environmental concerns.

The opposition is keen to criticise Labor's policies, but what of its policies? Under the heading, 'To achieve a substantial new investment in minerals and petroleum exploration, processing and refining in Victoria', the opposition lists five dot points, but not one mentions specific strategies to develop the oil, natural gas or petroleum industries. The small-scale mining and prospecting industry gets a dot point. It says:

Further encourage responsible small-scale mining and prospecting.

With no disrespect to the industry's members, who are mostly good and honest down-to-earth people, the

industry will take four years to even approach the daily wealth that is produced from the petroleum industry, and with no other downstream economic benefits.

What can we conclude? Does the opposition think that small-scale mining and prospecting is more important than the petroleum industry, or — and this is more likely — that it has had no focus on the industry at all? The former minister paid lip-service to the industry, but never put any time into introducing policy development and accepted any rubbish provided by his staff as policy. This was the same coalition government — —

Honourable members interjecting.

The ACTING PRESIDENT (Hon. P. R. Hall) — Order! I ask honourable members from the opposition benches to desist from interjecting. The Honourable Ken Smith will have an opportunity to contribute to the debate in a few minutes and I am happy to add the name of the Honourable Neil Lucas to the list. I ask that honourable members desist from constantly interjecting and wait to make a contribution through formal debate.

Hon. KAYE DARVENIZA — This was the same coalition party which, when it was in government, saw global warming as such an unimportant issue that not one full-time policy adviser at any level was devoted to greenhouse issues. That should be contrasted with Labor's clear policy and the additional funding provided to implement Victoria's part of the national greenhouse strategy.

The petroleum industry is one of the state's most important industries, affecting as it does employment opportunities and the economy. It is clear which party has the focus, understanding, vision and policies to lead the development of that critical industry into the 21st century. The Bracks Labor government will do it.

Hon. B. W. BISHOP (North Western) — I have listened with great interest to the contributions of the Minister for Energy and Resources and other government members. I am disappointed I have not heard the government espouse any policies because the motion is an opportunity for it to explain to the house and to the people of Victoria its policies and plans for minerals and petroleum development. Therefore the opposition must do the next best thing and inform the minister and the government of the mineral sands development in north-west Victoria and what is required for the industry to move forward.

The mineral sands deposits in north-west Victoria and in parts of New South Wales have huge prospects. An initial study has indicated there are some 50 million tonnes of deposits worth approximately \$13 billion to

the Australian economy. The exploration area extends over the area in which Horsham, Kulwin, Nyah and Ouyen are situated, and also includes Robinvale, where the Wemen deposits are located. The significant deposits in the Robinvale area extend into the Murray Darling Basin in New South Wales. Mildura is fortunate because it is strategically located in the middle of the deposits and there will be a demand for its ability to provide transport and other requirements in the future. Large deposits are expected to be found around Balranald, Euston and to the east and west of Willandra. It is anticipated that because most of the processing will be done near Mildura employment opportunities will be created in the area, and as Mr Strong said, particularly for people with technological skills.

The mineral sands deposits include ilmenite, rutile and zircon. Rutile is used to develop lightweight, durable titanium metals used in aircraft, as surgical products for such things as hip replacements, and for golf clubs — to allow us to hit balls much further. Zircon is used in ceramics, computers, electronics, jewellery and paint. The company most advanced in developing the deposits in north-west Victoria is RZM, a West Australian-based company that will develop the Wemen site in the Mallee. It is currently negotiating with three principal land-holders. Two have settled and the third is finalising negotiations with the company. RZM consulted over a period with the former government, particularly the former Minister for Agriculture and Resources in the other place, the Honourable Pat McNamara, local government and the broader industry, particularly the transport industry. I am advised the company intends to start processing the raw material at the end of 2000 and will shift its plant from New South Wales to begin processing at the site near Mildura in 2001.

The strip-mined raw material will be processed primarily at the site. In a dredging process the company will use existing ground water to process the mineral sands and replace the tailings. Revegetation and rehabilitation work will occur automatically. The company is open about its plans for rehabilitation of the site and will backfill and reforest the area as soon as the process is finished. Approximately 90 per cent of the raw material will remain as tailings at the site and the remaining 10 per cent will be processed. It is estimated that more than 110 000 tonnes of sand a year will be transported to the processing plant.

The zircon and rutile products will be bagged at the site and containerised. I suspect containers will proceed to the port of Melbourne. Mildura has a perfect set-up for the operation, particularly given that at Merbein the

Wakefield transport group has a world-class multimodal system that moves containerised goods from road to rail. At present the company transports wine and horticultural products and moves a huge number of containers by train to Melbourne. It has high-tech coolrooms and first-class equipment that will manage the multimodal development.

Ilmenite will be stockpiled at the site. Later it will be shifted in bulk and marketed throughout the world. Mr Strong asked rhetorically whether Victoria could do it. The state can do it because it is being done elsewhere in Australia. The industry earned \$1.2 billion in export earnings in 1997–98 and employs up to 1900 people.

Victoria must ensure that the mineral sands industry succeeds, particularly around the Mildura area and into New South Wales. It will be of huge benefit to Victoria if properly managed because it will utilise transport and port systems on a sustainable basis.

The government must make commitments on a number of issues. Operators who are expending large amounts of capital and who take a long-term view of the mineral sands industry must be assured of the government's keen support and that they have good, solid, progressive policies to work with. That will bring ongoing and sustainable investment into the state, which will lead to jobs being created and the transport infrastructure being utilised. Early investigations indicate that the project could have a life of 100 years, given the huge deposits. Policy directions must be put in place as soon as possible.

Mr Strong raised the importance of competitive practices, which are in place in exploration, investment processes, capital sourcing, mining and processing. They are also in place in the transportation and loading of products onto vessels for export to the international market.

The second matter I raise is transport, which is a key issue linked to the minerals industry and the policies the government should have in place. Victorian transport has fearsome competition from its cousins in South Australia. Obviously they would like to have their transport systems and ports used for the supply of mineral sands products to domestic and international markets. Victoria must ensure that our rail systems and ports meet the needs of industry if local area employment is to be encouraged.

Three main issues arise in transport. Two of them are closely linked and deserve immediate action. The first is transportation from the mine to the processing area. Honourable members will recollect that earlier in my

contribution I mentioned that I had been advised that annually some 110 000 tonnes will be transported from the mine, where the primary processing takes place, to the processing area at a site near Mildura. That is a lot of product.

An innovative proposal of one of the local operators had the support of the previous government and the Mildura Rural City Council. They both understood the flow-on effect of transport and port usage on job creation that would occur if internationally competitive procedures can be put in place.

I understand that there is substantial reluctance in government administration about accepting an innovative proposal that would utilise B-triples in the transport of material between the mine and the processing area. If B-triples, as opposed to B-doubles, operate on the site, there will be 1000 fewer truck movements per year. B-triples would have a payload of 59 tonnes as against a B-double payload of 42 tonnes. The organisation considering working with mining companies on that important link in the process believes it could manage with two B-triples but would require four B-doubles, so more vehicles would be on the road.

That organisation has been innovative in its initial design of B-triples. The usual B-triple is some 35 metres long, which is a quite long vehicle, and the usual B-double is some 25 metres long. With some innovative redesigning, the length of the B-triple will be reduced to about 29 metres, which is quite manageable on the roads concerned. Those vehicles would also have global positioning system tracking, designated routes and full monitoring systems. Whenever the driver changes gears, puts on the brakes or whatever else he does, that will be monitored and the details will be recorded. Radio contact with drivers will be maintained all the time and trucks and trailers will have anti-lock braking systems.

High-tech, world best practice technology and equipment is available. Those involved in the industry must have permission to utilise such equipment if Victoria is to remain a player in the highly competitive world market. Victoria can remain competitive because it has the technology, the people, the investment and, more importantly, the product waiting to be utilised, but permission is needed to operate the vehicles. I am sure that if government members consider the technology and methods proposed to be employed they will have no trouble in changing their current position and granting permission for the vehicles to operate.

The next two matters I raise are linked and are important issues. The first is a study put in place some months ago following regional forums established around Victoria by the then government. Of the five business forums, the north-west forum area stretched from Bendigo to Mildura. It involved local people and bureaucratic assistance provided background support.

One of the three outcomes of that forum was the recognition of the need for a freight transport strategy and the north-west freight transport study was established as a result of that recognition. I understand two or three meetings have been held and the study is under way. The primary reason for setting up the study was the anticipated growth in the regional economy, particularly in the agricultural and mining sectors.

As a brief aside, in the agriculture area the Deakin proposal, which is to approximately double the Sunraysia irrigation area, has huge potential to generate transport opportunities as well as encourage value-adding processes. Today the mining of mineral sands is a subject of debate, but a \$600-million-a-year increase in revenue could result from irrigation infrastructure build-up, which will obviously be along the Murray River.

The transport study will consider mineral sand deposits in Victoria. The terms of reference provide for investigation of freight centre arrangements in Mildura and the potential removal of the centre from the centre of the city to a more advantageous area.

Current and predicted regional freight tasks and trends in the region will be analysed and the mechanisms that will enhance road and rail freight services will be identified. Access routes to the ports of Melbourne, Geelong and Portland and to interstate ports have been identified, and the type of produce to be handled by each port will be investigated, as will the capacity of existing transport infrastructure to meet the freight needs of the area. The improvement and maintenance of local roads of economic significance will be examined to ensure the infrastructure meets the region's economic needs. The cost of upgrading infrastructure will be considered. Potential opportunities for air freight will be examined, but obviously that will not come into play in the transport of mineral sands, where high tonnages are involved. The role of government in the implementation of any proposals will be identified.

The current study is being managed by the Strategic Planning Division of the Department of Infrastructure. A steering organisation to oversee the project has been set up by the Department of Infrastructure, Vicroads, Mildura Rural City Council and Swan Hill Rural City

Council. Reference groups will include representatives of Vicroads, the Department of Infrastructure, municipal councils in the region, freight operators, and agriculture, mining and railway operators. Extensive consultation will be undertaken.

It was always the view that the study would be undertaken within some 13 months. Many people have said they want the references for the study to be sharper and more focused. Perhaps the government should concentrate the study so that its recommendations can be brought on stream more quickly than was originally anticipated. The report of the study will it is hoped include recommendations that the existing railway line be upgraded to industry standards so that it can be utilised by the minerals industry.

The railway line is not in good condition. Freight train time for the trip to the port is about 17 hours. Research shows that if the track were upgraded that time could be cut to eight hours which would allow for a much better utilisation of the resource, not only the locomotives but also rolling stock — perhaps only one locomotive and one lot of rolling stock could be used. A smooth track would also benefit horticultural products.

A return of the passenger service to the Mildura area with an upgrading of the railway line would enhance the opportunity for that to occur. As the operation comes on stream the rutile and zircon that is bagged can be containerised and big bulk shipments of ilmenite can be transported.

I am advised by the mineral sands companies that they will require a deep-water port. The vessels would probably come from Western Australia and require topping up in Victoria. The deepest port in Victoria, Portland, can take high-tonnage vessels, whereas Melbourne and Geelong can take panamax-size vessels.

The proposal is for a dual-gauge line from Yelta to Lascelles for broad or standard gauge trains, and a new 27-kilometre standard gauge line from Lascelles to Hopetoun which would link up with the Portland standard gauge line that was put in place some years ago by the former government, in recognition of the flexibility required for transport systems and products. That line would link into the standard line to Portland and provide greater flexibility for transporting not only mineral sands but also horticultural and grain products. It is essential that a study be completed as soon as possible to give the industry bodies confidence.

However, there has been another development: last week Senator Nick Minchen announced a major

resources study of the Murray Basin mineral sands province. The media release states that:

The study, being funded by the commonwealth and state governments and mining companies exploring in the region, will identify the infrastructure required to establish a mineral sands industry in the region.

‘Potential areas of job creation are a key part of the study. The opportunities for creating employment in the region, in both mining and downstream processing, will be examined’ ...

‘Other major strategic issues to be examined in the study include transport corridors and links to port facilities, along with issues relating to energy and social infrastructure’.

The media release also highlights the benefits for other industries operating in the Murray Basin, into which horticulture and grain would fall. It states that:

The Murray Basin study area includes Mildura, Horsham and Swan Hill and covers the borders of Victoria, New South Wales and South Australia ...

I raise the matter of competitors in South Australia. The media release states also:

The study is part of the regional minerals program ... to encourage a coordinated regional approach to minerals and energy development.

The study is being conducted by a team of independent consultants who will report to a committee of representatives from mining companies, the commonwealth and state governments. The study is expected to be completed by June 2000.

I welcome that study but I am concerned about the overlap of the various studies. In that overlap some may take their eyes off the ball of the intent and regional emphasis of the north-west freight study in which Mr Best and I played a part in establishing. I am concerned about the strong competition from South Australia.

The minister should immediately address the situation to ensure that the studies are coordinated. As I said, I welcome the second study but I was surprised that it was established. The minister must ensure that Victoria’s interests and big opportunities are protected, that the B-triples — that is, the world best practice systems — are allowed to operate so that Victorian mining and transport systems can be sustainably competitive, and can maintain the huge opportunity for Victorian freight and ports which is great for employment not only locally but throughout Victoria.

The matter requires quick and crisp action and I urge the minister to facilitate those actions as soon as possible.

Hon. E. C. CARBINES (Geelong) — I thank the opposition for its interest in our plans for minerals and petroleum. I shall focus on the mineral development priorities. The discovery of large-scale deposits of mineral sands in western and north-western Victoria, as identified by the Honourable Barry Bishop, holds great promise for the development of a new major world-scale industry, providing much-needed jobs in rural and regional Victoria. Those sentiments are acknowledged by the Honourables Philip Davis and Barry Bishop in their contributions to the debate.

The Bracks Labor government is determined to ensure that the Victorian community gets the major benefits of this opportunity. The mineral sands industry is a complex global business dominated by relatively few key players. The key corporate strategic imperative is access to large resource deposits. Disappointingly, prior to the election the current opposition failed to display a clear understanding of the real challenges in realising the dream of benefiting the Victorian economy by providing jobs to rural and regional areas through the development of the mineral sands industry.

The former Kennett government's policy, buried in its agriculture and resources policy, includes the undertaking to ensure applications for permits and environmental assessments for mineral sands developments are processed without unnecessary delays.

Honourable members interjecting.

The ACTING PRESIDENT (Hon. P. R. Hall) — Order! Conversation across the chamber is not helping. The government frontbench is not helping the honourable member to make her contribution. I ask that the conversations across the chamber cease.

Hon. E. C. CARBINES — The major concern of the mineral sands industry is not government approval processes. The RZM project, about which Mr Bishop spoke at length, has had the necessary approvals for more than 18 months. The delay in the operation of the project is due to the desire of the RZM company to attract other investment partners to fund the project. It is heartening to hear from the Honourable Barry Bishop that RZM intends to begin operation from the end of next year, but it has been more than two and a half years since the approval process went ahead.

The key challenge for the Bracks government is to prevent companies hoarding strategic resources and leaving them undeveloped by continuing to develop their resources elsewhere.

Detailed market analysis and the adoption of sophisticated tactical approaches are needed to address this challenge. Victoria is indeed fortunate to have in the Honourable Candy Broad a Minister for Energy and Resources who has a genuine interest in making the minerals and petroleum industries operate for the benefit of all Victorians. Contrast the approach of the Bracks Labor government with that of the opposition which, by its irrelevant policy positions, platitudes and rhetoric demonstrates its total lack of concern for the industry.

An Opposition Member — So where are the policies and plans?

Hon. E. C. CARBINES — The opposition's lack of a policy is an indictment of the former Kennett government Minister for Agriculture and Resources, the Honourable Pat McNamara, who had no real interest in the resource industries.

I refer the opposition to the November 1999 edition of a most enlightening publication, Victoria's earth resources journal, *Discovery*. Opposition members should all get a copy of the journal, read it and calm down. If they turn to page 5 they will read an editorial from Candy Broad entitled 'Responsible industry will be government focus'. All opposition members who have an interest in the area should take heed of the minister's comments, including the following:

Firstly, the great contribution that the minerals and petroleum industries have already made to Victoria must be acknowledged.

I also suggest that the opposition read the government's *Vision for Energy* document to gain a further insight into its plans.

Hon. K. M. SMITH (South Eastern) — My contribution will be short and sweet but very much to the point. I join the Honourable Philip Davis in inviting the Minister for Energy and Resources to outline the minority Labor government's policies and plans for the minerals and petroleum industries. What a disappointment — not a surprise but a disappointment — because there is absolutely nothing there. One could assume the minister thought Victoria's minerals and energy meant nothing to this state. The minister's actions since the election and the actions of the Bracks government before the election in developing a policy have amounted to absolutely nothing.

Victoria has an industry that produces more than 65 million tonnes of coal a year, but it means nothing to the minister. She has no policy in that area. The

industry produces about 5 tonnes of gold a year, and what does it mean to her? Nothing! No policy, no nothing. The industry produces about 85 per cent of Victoria's electricity, and what does the minister have? No policy! She does not even care about the industry. It produces more than half of Australia's oil and what does she have? No policy! The industry produces all of Victoria's natural gas, and the minister has no policy. She cannot put a policy on the table and yet she says, 'This is what we care about'.

It is not enough to care. The minister knows that the minerals industry means more than \$5 billion a year to Victoria, but she has no policy on it. She admitted that this morning: the Bracks government has no policy.

What is the future for the industry? The mining industry alone employs more than 20 000 people, yet neither the minister nor her government has a policy on it. What are those 20 000 people in the industry supposed to be thinking about in regard to their future? Because the minister has no policy, they have no future under a Bracks government, and that is a disgrace. The importance of electricity in Victoria for not only the people in the Latrobe Valley but those right across industry in Victoria is enormous, but the minister does not have a policy to even address the mining industry in the Latrobe Valley. It was nice when the unions had total control in the Latrobe Valley. All the featherbedding that went on for years was important to the Labor government because it had so many people down there that it felt it could control the Latrobe Valley and the supply of electricity in the state and so control industry throughout Victoria. But it was not to be. The Kennett government implemented its policy of privatisation to develop the industry so it would be good for Victoria. The Labor government has no policy on electricity.

What about gold, Minister — have you given any thought to that? No, because you have no policy. You have not considered — —

Hon. C. C. Broad interjected.

Hon. K. M. SMITH — You have no policy. You said earlier in the day that you have no policy, so do not say you have you one now unless you suddenly discovered one since speaking in this debate. The minister has no policy on gold. Victoria contributes \$4.5 billion in gold towards Australia's exports. Victoria is the second-largest contributor to goldmining in Australia. That is important, but obviously there will be no ongoing gold industry in Victoria because the minister has no policy to address anything. She has given the industry no future, no direction — nothing.

The minister has to think about what will happen to the box and ironbark areas around Victoria, because gold comes from the areas where they grow. She has not addressed that matter, nor has she addressed what will happen to national parks because they are where governments will have to look in the exploration for gold.

The minister will probably listen to the Minister for Environment and Conservation and want to turn all of Victoria into a big national park without considering the future expansion of the Victorian gold industry. Of course gold is important to Victoria. All honourable members would be well aware of the importance of gold in the construction of this magnificent building when the industry was at full steam, when gold was being discovered around Victoria. The government's Labor mates would have been joining the people in the miners union. Labor was reaping the benefits, building this place because there was money around, and when the gold ran out the building of Parliament House stopped.

I am simply trying to say that the mining industry is important to Victoria. But, Minister, you do not have a policy, and I think that is a disgrace. Was Hugh Morgan at the \$1000 a head dinner? You do not know, Minister? You would have been sitting at his table, surely!

The ACTING PRESIDENT (Hon. P. R. Hall) — Order! Will Mr Smith direct his remarks through the Chair!

Hon. K. M. SMITH — Yes, certainly, Mr Acting President.

You have no policy! The minister has to understand that the previous Kennett government was prepared to look at doing something about exploration in Victoria. In 1993 it contributed \$25.5 million towards a Victorian initiative for a minerals and petroleum program, which started to do geological surveys across Victoria. It meant that at least some time in the future people would have a better understanding of where Victoria's mineral resources were. That initiative runs out in June, 2001.

I ask the minister, through the Chair, even though the minister has no policy for this issue, to make a commitment on behalf of the Bracks government to ongoing exploration through the Victorian Initiative for Minerals and Petroleum (VIMP), so that it continues to expand and does not just run out at the end of the current program.

Hon. C. C. Broad — It certainly will not run out.

Hon. K. M. SMITH — You are making a commitment so far as finances are concerned, Minister, for the program?

Hon. C. C. Broad — I have already made remarks about the Bracks Labor government's commitment to this area, which will be honoured.

Hon. K. M. SMITH — That is excellent. The minister will be well aware that for every \$1 that the government invests, the mining and exploration industry puts in \$10. That good investment for Victoria and the industry resulted from a commitment made by the Kennett government. The minister now says to the house that that commitment will be ongoing.

Over time the former government changed things. Mining development and exploration expenditure increased from about \$14 million a year in 1993 to about \$100 million a year, as it stands at present. That is a fantastic commitment from an industry that was on its knees before the Kennett government came to power. My good friend and colleague Mr Bishop spoke about mineral sands. The commitment to mineral sands exploration and the importance of the industry to Victoria in the future must be considered. During discussions I had the other day with industry representatives the importance for Victoria of the availability of major ingredients, including one I cannot pronounce, used in the development of certain materials was emphasised.

Hon. G. R. Craigie — It's for sandpits.

Hon. K. M. SMITH — Talk about sandpits — the area near Grantville in my electorate has sandpits that honourable members would not believe! There is enough sand there to keep Victoria in the best of sands for the next 75 years. Grantville is on Melbourne's doorstep and the area will be able to supply to Melbourne all the sand it will need for the development of our magnificent city. All we need to do is get rid of the Bracks Labor government and people will have confidence to build in Victoria!

Melbourne is a wonderful city. It is the mining administration centre of Australia. BHP, Western Mining Corporation Ltd, Pasminco Ltd and North Ltd all operate from Melbourne. That is fantastic because each company is known throughout the world. I hope the Bracks Labor government, if it ever gets around to developing a mining policy, talks to those companies and discovers the number of Australian dollars the companies are investing in mining throughout the world.

Victorians will benefit if those and other companies have confidence in the Victorian government of the day. They had that confidence under Jeff Kennett but unfortunately, their trust in this government is diminishing rapidly because the government has no policy. That is pitiful.

The opposition also has concerns about environmental management. Past Labor governments took a certain direction but they were controlled by the greenies. The Minister for Conservation and Environment in the other place will always stand on the side of the greenies. She decided to stop the renovations to Parliament House because she would not allow the Kennett government to take stone that had been set aside in a national park to complete the building.

Hon. G. W. Jennings — Single-handedly?

Hon. K. M. SMITH — Single-handedly she stopped the renovations to Parliament House! The opposition will attribute the bringing down of the Labor government to the Minister for Energy and Resources if she does not develop a policy.

Hon. C. C. Broad interjected.

Hon. K. M. SMITH — It is not funny, Minister. I demonstrated earlier the importance of this industry to Australia. The minister must do something about getting a policy and tabling it in this place. The minister must give direction to the people in the industry; otherwise those who wish to invest in Victoria and who have had confidence in the state until now will be let down.

Hon. G. W. JENNINGS (Melbourne) — The burden of responsibility of being in government is that we need to engage in debates that may be seen to have run out of steam. As is incumbent on it, the government is happy to talk through the range of matters that must be addressed in the mining and exploration industry as they relate to the motion, and to deal with a range of policy matters about government responsibility. They include the government creating confidence in and the development of the Victorian economy while being mindful of its obligations to the community and the environment and having an eye out for sustainable issues that impact on the wellbeing of the environment and the possible consequences on industrial development or natural resources. The government has outlined those types of issues in determining ongoing government policy on the matters dealt with in the motion.

We must deal with the issues when creating a secure environment so that exploration companies and those

interested in the mining and downstreaming of natural resources can plan properly.

Hon. Philip Davis — Are you saying you adopt the Kennett government policies?

Hon. G. W. JENNINGS — I am happy to outline the range of issues that may be different, but the Bracks Labor government is mindful of some issues in its responsibility for sustainable development both for companies that now operate and those that seek to operate in the Victorian economy. It is also mindful of its obligations to ensure its environmental concerns are appropriately addressed in the planning and implementation of any activity that seeks to use natural resources.

That is the type of framework outlined by the minister. At this stage there is no recognition in the house of the various elements of the framework that the government seeks to introduce. As I understand it, during her contribution the minister said the government's preferred course is to follow a continuum of exploration and upstream processes while at the same time being mindful of downstream impacts on communities, planning matters and the environment. I understand that framework has been put before the house this morning.

Hon. Philip Davis — I think you and we may have missed it.

Hon. G. W. JENNINGS — The central tenet of what the minister put to the house today was that the Bracks Labor government's approach to exploration and the opening up of opportunities for minerals and petroleum use within Victoria will be a continuum of what are viable industrial activities in Victoria and what is sought to be supported across the globe.

Honourable members opposite should recognise that, if we had a relative debate on the principles outlined in the lead-up to the last election and tallied up the dot points of what the parties put to the people, the government would win. The opposition may not be averse to some of the dot points being fleshed out.

The government is concerned about appropriate development in Victoria and is committed to ensuring that exploration can be undertaken in a stable and secure environment. The Labor government is concerned about how resources may be used over time and the impact mining may have on the environment and on local communities. The government will ensure that, whatever is produced in Victoria and however natural resources are used, those activities will take place in a way that does not have a detrimental long-term effect on the environment, whether because

of greenhouse gas emissions, global warming or other such issues.

It is a difficult balancing act. Time and again during the course of debate opposition members have asked the government to flip-flop around on either the side of protecting the environment or of providing a definitive, over-the-top statement of support for facilitating exploration. The lesson for honourable members on both sides of the house is to recognise that policy is not merely a matter of adopting the position of an interest group or a business corporation or of taking the side of the greens or local communities, it is a matter of finding the appropriate balance of the various concerns.

An honourable member interjected.

Hon. G. W. JENNINGS — That is the element I have just outlined to the house. We are on similar ground. It is important to monitor and develop policies over time.

Hon. Philip Davis — Where is the starting point? The debate is about the government's starting point. Where is the policy?

Hon. G. W. JENNINGS — The starting point, as outlined by the minister this morning —

Hon. Philip Davis — No. The minister outlined the framework, but she did not flesh it out.

Hon. G. W. JENNINGS — A framework is extremely useful to enable one to determine what issues must be considered and worked through and to provide a clear view of all the issues on the table at one time.

One of the problems the outgoing government had was that the perception of the Victorian community was that there was a clear demarcation between the issues the former government found acceptable and the issues it did not find acceptable. On a number of key public policy matters the community clearly rejected the position of the Kennett government.

A number of matters before the Labor government, including the Audit (Amendment) Bill to be debated later today, demonstrate the expectation that it is incumbent on government to satisfy the community. Today the Minister for Energy and Resources outlined the intention of the government to deal with issues in a stable and predictable way. Although the house may prefer that every element in the framework is spelt out and every element of the matrix is put in place today, the minister will be happy in time to flesh out the details of the process that will apply in the government's decision making.

I am confident the minister will consider the issues and will be respectful of all the interests brought to the table on exploration and down-stream development. I have every confidence that the minister has the capacity to responsibly manage her obligations to the people of Victoria in facilitating industry and at the same time protecting the environment and meeting community concerns. There is no doubt that the government can achieve that aim.

In considering the emphasis she may place on exploration responsibilities the minister will be mindful of the up-stream processing benefits to Victoria. An example referred to earlier in the debate is that the value of gas generated from Gippsland is currently approximately \$2 million a day. The exploitation of that raw basic material has a huge impact on and plays a strong role in the Victorian economy. The net value to the Victorian economy is approximately \$100 million a day.

The minister will look at the maximum value-adding capacity of any development proposal while at the same time ensuring exploration and approval processes for mining development are dealt with in an environmentally sensitive way.

Those are the priorities. They may not satisfy the expectations of opposition members about the framework being put in place, but I suggest they reflect on their past performance, the detail they took to the electorate and the clear perception of their having a partisan view about the issues that must be considered to ensure the ongoing viability of the Victorian economy and satisfy the expectations of all sections of the Victorian community on mining, exploration and development matters.

The government flags that it is prepared to deal with the issues in a considered fashion over time to develop a predictable development framework.

Hon. Andrew Brideson interjected.

Hon. G. W. JENNINGS — It is a debate about semantics. The minister is capable — —

Honourable members interjecting.

Hon. G. W. JENNINGS — Problems were raised during the debate. The Honourable Ken Smith at one stage asked your predecessor in the Chair, Mr Acting President, to state his policy position. We may have overstepped the mark in expecting the Acting Presidents to declare from the Chair their policy positions!

In summary, every attempt will be made by the minister to deal with the industry in a secure and predictable fashion to enable development to occur, to ensure there is a degree of confidence within the industry, and at the same time to satisfy any expectations the Victorian community may have about environmental protection and ongoing state development issues in Victoria.

Hon. R. H. BOWDEN (South Eastern) — I support the motion. After carefully re-reading the motion, I suggest the Honourable Philip Davis has put the case strongly by inviting the minority Labor government to outline its policy. After listening to the debate, I am disappointed with the contributions from the government because I get the impression that it is in a policy-free zone.

In his contribution to the debate, the Honourable Ken Smith suggested that the government does not have a policy. From the contributions from government members, it appears there is no policy. Honourable members have been treated to some clichés and to some soothing words such as consultation, responsible, sustainable, balanced, matrix, framework — and even flesh out, which stretches our imaginations — a fleshed-out framework — but no policy. The Bracks minority Labor government is sending signals to the community that it had better watch out because it has no policies on such a vital area.

I refer to the latest issue of the *Petroleum Gazette*, volume 34, no. 4 of 1999, a respectable publication for the petroleum industry. The magazine has been circulated and is available to honourable members. We are dealing with large and crucial investment decisions on a world-integrated scale of which we are a significant portion in the oil, petroleum, natural gas and liquefied petroleum gas (LPG) markets. It is not a matter of winging it, fleshing out, or more generally making frameworks. Those industries have billions of dollars of long-term investment. Victoria has to attract investment, it has to sensibly host and encourage investment, and it has to plan. Planning for this vital industry is extremely important to our wonderful state.

On pages 13 and 18 of the *Petroleum Gazette* honourable members will readily see the different types of products, the integration of those products into the discrete markets, the history in some cases, and the long-term range of planning expected — for instance, for oil and gas supplies in the 21st century it starts at 2000 and extends to 2100. There cannot be anything other than a need for a policy. If there is no policy, the government is driving the state into a serious difficulty.

To illustrate the importance to our nation and the size and significance of the petroleum and energy market to gas and petroleum, I refer to the June 1996 report of the Australian Bureau of Agricultural Resources and Economics (ABARE), which was reported on by the Australian Petroleum Production and Exploration Association (APPEA). Its evaluation of the June 1996 report of ABARE is that the estimated gross industry net present value between 1980 and 1995 was \$178 billion in 1995 dollars. For the period 1996 to 2010 there would also be significant changes — and that is calibrated.

According to ABARE, the oil and gas economy-wide output multiplier shows that for every \$1 invested there is a ratio expected of between 1.8 and 2.4. That is shown through respected research and published information from responsible organisations involved in those industries. The research also shows there must be a policy because of the size, scale and sensitivity of our economy. The APPEA analysis further states:

ABARE says this indicates that 'a \$1 million increase in real investment expenditure in the oil and gas extraction industry generates an increase of between \$0.8 million and \$1.4 million in the output of other industries in the economy'.

I draw the attention of honourable members to other interesting statistics. We have a mixed economy between the private sector and the government sector. In 1997–98, based on the APPEA figures, the industry taxation contributed by the private sector to the public sector was \$3.138 billion. Resource taxes were 46.9 per cent of that figure. Therefore, the public sector has an enormous interest on behalf of Australians and Victorians to ensure such investments are encouraged, made and properly hosted.

When encouraging economic activities in Victoria, the government does so knowing the state is dependent on the natural gas and petroleum industries. However, to illustrate a calibration of the large sums of capital and the encouragement that needs to be sustained by whichever government is in power to this vital section of our economy, I will refer to one company in Victoria — Esso and its activities in Gippsland. So far the total joint venture investment in Gippsland is \$12 billion in 1999 terms. The Gippsland operation is an important source of employment and energy for Victoria. It is Australia's single largest crude oil producer and Australia's second-largest domestic gas producer.

Victoria makes a significant contribution to the energy needs of our nation, so it is crucial that the government set out its policy. Developing a policy is not something one can achieve quickly. Many factors are involved —

land access issues, conservation and environment, taxation, state and federal relations, incentives, communication, exploration and technologies. All those issues are blended together in a framework called encouragement.

I indicate my extreme concern and that of my constituents about the lack of government policy. No-one should underestimate the importance of the gas, petroleum and mineral industries to the Victorian economy. I am concerned about the government's lack of enthusiasm for producing an appropriate minerals and petroleum policy. I support the motion.

Hon. R. A. BEST (North Western) — I did not intend to contribute to the debate on this motion, but I thought it important to put on the record some issues and problems confronting the mining industry in Bendigo in particular and in Victoria generally. Bendigo is a major mining centre. Many of the fine buildings in Melbourne were built from the gold extracted from the goldfields around Bendigo between the 1850s and the early 1900s. Over a 60-year period an average of 200 000 ounces of gold was taken from the Bendigo goldfields annually. So the significance of the contribution of Bendigo to the wealth of the state cannot be dismissed lightly. Bendigo has other extractive industries operating in and around the area. To the north of my electorate there is a significant mineral sands deposit. If and when the project is developed it will have the potential to generate enormous wealth for the area and Victoria.

I support the mining industry, but I support responsible mining. Over the past few years I have enjoyed my role as a member of the Public Accounts and Estimates Committee which examined, among other things, environmental accounting and reporting. The committee gained an insight into the relationship between the mining industry and other industries and the environment. About 10 to 15 years ago the mining industry was being kicked to death by conservationists, but it introduced an environmental code of practice and every signatory to the Australian Minerals Council must now attach an environmental report to its annual accounts. The mining industry has encouraged environmentalists to brief it on industry policies and to explain where it needs to operate more responsibly.

I am concerned that the Minister for Energy and Resources did not enunciate the government's policy on the minerals and petroleum industries. The minister is sending a confusing message to investors in the industry. In the Bendigo area the Perseverance company has used terminology that may be construed as inflammatory, but the two environmental impact

statements, one on Axedale and one on Goornong, may resolve the difficulties. I am also concerned that when the minister visited Bendigo she spoke to the objectors, but I am not sure that she spoke to the representatives of the Perseverance mining company.

Hon. C. C. Broad — I did.

Hon. R. A. BEST — The minister says she did speak to the company, but the publicity generated, largely by the honourable member for Bendigo East in the other place, was based on pacifying the objectors in Axedale.

Hon. C. C. Broad — The local paper got confused about which was which.

Hon. R. A. BEST — The minister is now blaming the local paper.

Hon. C. C. Broad — It clearly got it wrong.

Hon. R. A. BEST — Investors in the industry need confidence. I have always respected the Honourable David White for his willingness to tackle the tough issues. It was his consultative approach, primarily in cooperation with members on this side of the chamber, that enabled him to develop balanced legislation and a process that still operates today. The Mineral Resources Development Act is the product of that consultative approach and I urge the minister to speak to David White in developing a mining policy because she is causing confusion among investors by sending a mixed message.

The government is not prepared to put on the record its minerals policy, but the industry needs to know the rules and the how, where and why of its and the government's operations. No-one expects the government to please all the people all the time because it is a sensitive industry, but the minerals in the ground are the resources of the state and we need to know the rules now so investors will have confidence to invest in the mining and extractive industries with some degree of certainty. The minister is spooking investors and I urge her to seek some advice from David White to help her develop a policy.

Hon. N. B. LUCAS (Eumemmerring) — The motion moved by the Honourable Philip Davis gives the government an opportunity to tell the people of Victoria its policies on the minerals and petroleum industries. The opposition's role is to challenge the government, obtain information and if it disagrees with the information provided by the government to put it before the people. In a debate lasting almost 3 hours the house is yet to hear an outline of the government's

policies and plans for the minerals and petroleum industries. The four government speakers have not outlined any policies. I assume they are withholding their policies because they do not want the people of Victoria or the mining industry to know what they are, or that their policies need redrafting, or that they do not have any policies. Perhaps the government was unhappy with its original policy and is drafting a new policy. The government has been caught out by not producing a policy.

Mr Jennings gave the house a training exercise from the manual on procedures and process in how one puts these things together, but he did not provide any policy. Mr Jennings might be able to get together with Minister Broad afterwards and advise her on how to do it. I suggest that her adviser recommend that the minister do so. I advise the minister of the importance of the mining and petroleum industries in Victoria. If it is to be developed, the government must establish a policy under which that development can occur.

The minister has not given any indication of the policy of or proposals being considered by the Bracks minority Labor government. Other speakers similarly have tried to hide the policy vacuum. Victorians, particularly those involved in the minerals and petroleum industries, should be aware of the policy vacuum.

Mr Philip Davis started the debate by indicating the great need for the government to come up with some policy in the area. The minister has not met the challenge that was set. During the minister's speech the Leader of the Opposition raised two issues in an attempt to have the minister address the motion. I am sure the minister read the motion, but after having 24 hours to talk to her minders and other backroom supporters — that is, all those union people who tell the minister what to say in the house — the minister has come up with nothing.

The minister should come up with a policy or step aside and let some other person take over because ministers are supposed to lead. They should have policies and be able to stand in this house and tell us what the government's policies are and what it will do to develop the ministers' areas of responsibility. That has not been heard today. The minister is a failure, as are the people who support and advise her. They have had 24 hours but they have come up with nothing!

That response is synonymous with what the Bracks minority Labor government is about. The Minister for Sport and Recreation sits over there smiling. He could not come up with anything the other day, either. There

is a policy vacuum. The people of Victoria deserve better than what they have got from the government. I call on the minister to come up with something quickly because I want to hear the government's policies on minerals and petroleum. It is a disgrace that the house has heard nothing today and the minister stands condemned for her silence on the matter.

Hon. PHILIP DAVIS (Gippsland) — In winding up the debate, I direct the attention of the house back to the motion:

That this house invites the Minister for Energy and Resources to outline the minority Labor government's policies and plans for minerals and petroleum.

A number of my opposition colleagues have pointed out in debate that sadly the minister and the government have not addressed the motion. It is extraordinarily disappointing to me because I put the motion in good faith. A month ago the minister revealed not only that there was no election policy on minerals and petroleum but also that no policy had as yet been developed. I thought the motion would give the minister an opportunity to report to the Parliament on at least the process that would lead to the development of a policy that would create certainty for the industry.

As members have indicated, the most critical factor in the continuance of viable minerals and petroleum industries in this state is confidence. That requires an understanding of the intention of the government. There is a policy vacuum and an abrogation of responsibility by the government and the minister in not informing the industry on that critical issue — namely, the changes proposed to be made to the management of the natural resource base and the minerals and petroleum industries in this state.

If the minister is unable to advise industry, it will inevitably lose confidence, as is already occurring. I predict that significant players in this state will avoid making decisions while the policy vacuum is maintained.

Members of the government are clearly not aware of the work done over the past seven years in creating a proper framework of certainty that encourages investment. For example, the Petroleum Bill introduced in the 1998 spring session repealed the Petroleum Act 1958 in favour of the Petroleum Act 1998. That legislation has improved significantly the basis on which the Victorian petroleum industry is able to deal with the necessary processes of government; it has allowed it to continue to develop.

In further support of the petroleum industry, the former government through the Victorian Initiative for Minerals and Petroleum program enhanced geophysical data collection. Aero magnetic surveys have been taken offshore in the Gippsland Basin and onshore in the Otway Basin. The former government initiated a deepwater seismic program in the Gippsland Basin. Government members should have been informed on those initiatives. They were quoting from *Discovery*, the minerals and petroleum magazine of the Department of Natural Resources and Environment, but they have not bothered to read beyond the first page and the photograph of the minister. Government members seem to be interested only in self-promotion, not the promotion of the industry.

The debate was designed to create an environment wherein the government could make some positive comments and restore confidence to an industry that considers it has been orphaned. Since the change of government nobody has been able to set out for the industry how it is to proceed in the future. It is all very well for the minister to utter rhetoric about a strong and ongoing commitment, but I inform her that there is no prospect of confidence in the industry without a clear indication of the plans and policies of the minority Labor government into the future.

Motion agreed to.

QUESTIONS WITHOUT NOTICE

Petrol prices

Hon. E. G. STONEY (Central Highlands) — The Minister for Consumer Affairs is quoted in the press as saying that the government was very keen to hear from motorists who felt ripped off about petrol prices.

The minister has also informed the house that she will rigorously pursue the matter of petrol prices and consumer rights, and last night she informed the house that she has not made a decision to run a campaign on petrol prices.

How can the minister take telephone calls from irate motorists and vigorously pursue the petrol price issue if she has not yet made a decision to do so?

Hon. M. R. THOMSON (Minister for Consumer Affairs) — I have just written to the federal government about removing its surveillance of petrol prices and have asked it to reconsider its petrol pricing arrangements to ensure that rural and regional consumers are protected.

Industrial relations: wage claim

Hon. G. D. ROMANES (Melbourne) — Will the Minister for Industrial Relations advise the house what action the government intends to take on the ACTU's living wage claim that has been lodged with the Australian Industrial Relations Commission?

Hon. M. M. GOULD (Minister for Industrial Relations) — In November the ACTU lodged before the Australian Industrial Relations Commission its living wage claim for a \$24-a-week pay rise for federal awards. It also seeks to bring minimum wages up to \$409.40 a week, which equates to \$10.77 an hour. The Bracks Labor government will consult widely with a range of parties to ensure that the Victorian government's position is both fair and economically responsible.

The Victorian government proposes to make a joint submission to the Australian Industrial Relations Commission on the wage claim with the Queensland, New South Wales and Tasmanian governments. We stated at the hearing on Monday that that was our position.

Petrol prices

Hon. BILL FORWOOD (Templestowe) — My question to the Minister for Consumer Affairs follows on from the question asked by Mr Stoney. On 23 November the minister announced her plan for the blitz on the so-called petrol profiteers who increase fuel prices during holiday periods, to operate on the dob-in principle. Given that the minister raised the issue and her previous answer, will the minister address the matter within state powers, and if not, why did she raise the matter in the first place?

Hon. M. R. THOMSON (Minister for Consumer Affairs) — I did not raise the issue with the federal government. I spoke with a journalist about petrol pricing and an understanding of the concerns of consumers about petrol prices that are increased during holiday periods. If it proves to be an ongoing issue for consumers the government will look at conducting a blitz to enable consumers to register their concerns.

Water safety: police equipment

Hon. KAYE DARVENIZA (Melbourne West) — Will the Minister for Ports inform the house what action she has taken to ensure that Victoria's water police are appropriately equipped during this summer period?

Hon. C. C. BROAD (Minister for Ports) — Honourable members would be aware of a reported incident at Hastings of a fisherman who was knocked out of his boat by a speeding motorboat and, according to the water police, almost drowned and was lucky to survive for more than an hour in the water.

Hon. B. N. Atkinson — You're assisting the Minister for Police and Emergency Services now!

Hon. C. C. BROAD — That shows your ignorance. You should seek briefings from the shadow minister on the responsibilities of the Minister for Ports and the high level of cooperation with water police. This is an important part of my responsibility and I expect all honourable members to join with me in concern about the accident that was reported last weekend.

Last week I advised the house on a number of initiatives to improve boating safety. I am pleased to announce further measures to increase safety, which include an additional boost with the provision of two new vessels to the water police to be funded through my department.

Hon. G. R. Craige — No, we did all that. They were there — have they been launched yet?

Hon. C. C. BROAD — I acknowledge the efforts of the former minister. The water police have now taken delivery of two vessels that cost more than \$700 000. The Bracks Labor government supports the ongoing modernisation of the operations of the water police through the provision of not only those two vessels of which they have taken delivery, but also another five vessels that will be delivered over the next six months for use including in inland waters at Benalla, Gippsland and Melbourne.

I have already referred to enforcement and the provision of new devices to detect speeding. The incident that occurred last weekend was clearly caused by speeding.

The new laser devices, which have also been funded through a grant, will enable the water police to better enforce the rules on speeding, and I look forward to providing those devices very soon. The regulations, which are on exhibition at the moment, will allow the police to use the devices.

Beaches: family friendly

Hon. P. R. HALL (Gippsland) — I refer the Minister for Sport and Recreation to the sport and recreation policy which states that Labor will identify 20 family-friendly beaches and ensure they meet the

standards required for greater safety and convenience. Given that summer is with us and families are planning their summer holidays, will the minister now name Labor's 20 family-friendly beaches?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I thank the honourable member for the question. Currently the government is reviewing which beaches fit into that category and ensuring that they are well patrolled and that families have access to them.

Honourable members interjecting.

The PRESIDENT — Order! I cannot hear the minister's answer. I ask honourable members to desist from interjecting and allow the minister to respond.

Hon. J. M. MADDEN — As I said, the beaches are currently being reviewed and I will come back to the house with their names once they have been determined.

Sail Melbourne

Hon. E. C. CARBINES (Geelong) — I direct my question — —

Honourable members interjecting.

The PRESIDENT — Order! Neither Mr Theophanous nor opposition members are helping Mrs Carbines, who has an interesting question to ask, I am sure.

Hon. E. C. CARBINES — Will the Minister for Sport and Recreation inform the house about the Sail Melbourne international regatta to be held on Victorian waterways this summer?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — The Sail Melbourne international regatta will be held from December 1999 through to early March 2000. It will feature competitors from around the world — more than 20 countries will be competing in over 34 events. The program will involve more than 2300 national and international competitors and boats across a broad range of classes, including Olympic classes. The events will focus on Port Phillip Bay as well as Corio Bay, Western Port, Lake Wendouree and Metung.

Volunteer involvement is high for the event with an estimated 700 volunteers assisting from 14 host clubs, and they should be commended. The government will provide \$400 000, which will be used for prize money and for staging the event. The Victorian Yachting Council and the 14 clubs should be congratulated on

their efforts in coordinating and hosting this event, which will have an estimated economic impact on Victoria of \$4.5 million, once again reinforcing the contribution of sport and recreation to the economy of Victoria.

Waverley Park

Hon. G. K. RICH-PHILLIPS (Eumemmerring) — I ask the Minister for Sport and Recreation whether he has abandoned his policy of keeping AFL football at Waverley Park and instead is simply seeking to keep the oval for other sporting purposes.

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I thank the honourable member for his long-term interest in the issue. As I have said on a number of occasions, I am still negotiating with the AFL to achieve the best community outcome. The Bracks Labor government will continue to commit itself to that aim, as opposed to the former government, which was not prepared to commit in any way to either getting or maintaining a good community outcome from the former VFL Park. The government is very keen to continue negotiations and to get the best community outcome.

Bunk beds

Hon. R. F. SMITH (Chelsea) — Will the Minister for Consumer Affairs inform the house what the government intends to do about injuries resulting from bunk bed accidents?

Hon. M. R. THOMSON (Minister for Consumer Affairs) — Each year bunk bed accidents result in some 3850 injuries that require hospitalisation or treatment by emergency services or general practitioners. Half of those injuries occur to children between the ages of 5 and 9 years.

Honourable members interjecting.

The PRESIDENT — Order! The house is being very unfair. I cannot hear the minister. The minister is entitled to be heard in relative silence.

Hon. M. R. THOMSON — Victoria, like other jurisdictions, is now looking at developing and applying a mandatory standard for manufacturers to apply to bunk beds. A voluntary code is in place, but it is obvious that it is inadequate. The government is now working with other states to ensure that there is a mandatory standard in place. Victoria is directly involved in developing those standards and will be pushing to see that occurs.

Geological Survey

Hon. PHILIP DAVIS (Gippsland) — Today the Minister for Energy and Resources stated her support for the previous government's successful Victorian initiative for minerals and petroleum exploration as part of the work of Geological Survey. The manager of Geological Survey, Mr Tom Dickson, has been targeted for retrenchment by the minority Labor government as part of its zealotry to cut the executive service. Is that consistent with the minister's framework for supporting the Geological Survey?

Hon. C. C. BROAD (Minister for Energy and Resources) — I was pleased in my remarks this morning to indicate the support of the Bracks Labor government for the very important geological survey area, which is well supported by industry. I have been advised by the Department of Natural Resources and Environment that as a result of restructuring proposals, which predate the election of the Bracks Labor government, and following the very successful arrangements that existed under the previous government up until the election, the department proposed to strengthen those areas by taking them into the department. It has therefore not been necessary to extend the contract, which in any event was due to end. It may have been the practice of the previous government and previous ministers to interfere in departmental decisions about matters to do with the implementation of government policy as opposed to policy setting; it is not my intention to intervene to change decisions of that nature by the department.

I have been assured by the department, and it has assured the industry, that the changes put in place will ensure that the high level of service enjoyed by the industry in that area will continue. I understand the industry has accepted those assurances.

Sport: volunteers

Hon. JENNY MIKAKOS (Jika Jika) — How does the Minister for Sport and Recreation intend to assist sporting bodies in attracting and retaining volunteers?

Hon. J. M. MADDEN (Minister for Sport and Recreation) — As all honourable members will no doubt be aware, the task of attracting and retaining volunteers in a variety of sports is a major problem facing many sporting clubs and associations. It is an area of great concern. I am pleased to announce today two initiatives targeting specific aspects of sports volunteerism.

The first initiative is to establish an official education program responsible for developing appropriate educational resources for sporting officials such as umpires, referees and sporting judges. That project will be managed by state coaches located in Sport and Recreation Victoria.

The second initiative is related to a volunteers recruitment and retention program that will address the long-term concern of the sport and recreation industry about recruiting and retaining volunteers. The project officer will work in conjunction with the selected organisations to develop strategies to address those volunteer issues.

PARLIAMENTARY COMMITTEES (AMENDMENT) BILL

Introduction and first reading

Received from Assembly.

**Read first time on motion of Hon. M. M. GOULD
(Minister for Industrial Relations).**

Second reading

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

That this bill be now read a second time.

As members will be aware, the government and the opposition have recently concluded fruitful, but lengthy discussions concerning the parliamentary committee structure for the 54th Parliament.

As part of the agreed position, legislative amendments to the Parliamentary Committees Act 1968 are required and this bill will make those amendments.

The principal elements in this bill are:

to establish the Economic Development Committee as a committee of the Legislative Council for the term of the 54th Parliament; and

to expand the role of the House Committee.

Economic Development Committee

This committee is being established, for the term of the current Parliament, as a select committee of the Legislative Council. It will have a maximum of seven members and a quorum of four.

The functions of the committee will not alter, although it will not be empowered to report on matters which are

properly the functions of the Public Accounts and Estimates Committee, namely:

- annual estimates or receipts and payments;
- other budget papers; or
- audit priorities for the purpose of the Audit Act 1994.

Members will note that the new provisions concerning the Economic Development Committee will sunset at the end of the 54th Parliament. Once the Legislative Assembly expires or is dissolved, the effect on the Parliamentary Committees Act will be as if these amendments to the principal act had never been enacted.

House Committee

To expand the role of members in the management of the parliamentary services, the bill makes a number of changes to sections 45 and 46 of the Parliamentary Committees Act in relation to the House Committee.

These changes:

- increase the number of members, other than the ex-officio membership of the Presiding Officers, from 10 to 11. The additional member is to be appointed by the Assembly;
- increase the quorum of that committee from three to seven;
- provide the committee with an additional function: to advise the Speaker and, where appropriate, the President, on the management of parliamentary services, including matters concerned with information technology; and
- provide that the Department of Parliamentary Services and the secretary of that department are to provide the committee with assistance and services.

Other matters

The bill also makes a number of other changes to the Parliamentary Committees Act, the most significant of which are:

- to increase the maximum number and quorum of the Public Accounts and Estimates Committee from 9 and 5 respectively to 10 and 6; and
- to ensure that the Scrutiny of Acts and Regulations Committee can consider and report on acts passed by this Parliament before the committee is appointed.

I wish to make a statement under section 85(5) of the Constitution Act 1975 of the reasons for altering or varying that section by this bill.

Clause 9 provides that it is the intention of section 4U as applied to and in relation to the Economic Development Committee by section 41 to alter or vary section 85 of the Constitution Act. Section 4U provides immunity from legal action to joint investigatory committee proceedings, recommendations and reports and documents.

The reason for limiting the jurisdiction of the Supreme Court by clause 9 is to preserve the privileges and freedoms necessary for the conduct of parliamentary committees by providing those privileges and freedoms which are currently enjoyed by joint investigatory committees and their members to the Economic Development Committee and its members.

Failure to provide those freedoms and privileges to the Economic Development Committee may allow the committee or its members to be subject to litigation as a result of the activity of the committee and, thereby, impede the effective functioning of that committee.

I commend the bill to the house.

Debate adjourned on motion of Hon. M. A. BIRRELL (East Yarra).

Debate adjourned until later this day.

LOCAL GOVERNMENT (BEST VALUE PRINCIPLES) BILL

Second reading

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

That this bill be now read a second time.

This is a bill that will deliver fundamental reform to the local government sector, placing it firmly back in the hands of local communities.

This bill implements the government's election commitment to abolish compulsory competitive tendering (CCT) for local government. In place of compulsory competitive tendering the bill introduces a new approach based on best-value principles. This approach removes the inflexibility and rigidity of CCT while ensuring that councils remain accountable for their expenditure and obtain value for money in the delivery of council services.

The new best-value approach will enable councils to determine the most effective means of providing a service to the community. It will reflect local considerations such as the retention of skills and jobs within the community and the economic impact on the community. As rural Victoria has suffered through the loss of employment and a declining population, this bill will facilitate actions on the part of municipal councils to encourage employment growth and retain employment within their municipalities. It will help reverse the disadvantage that rural councils often suffered at the expense of CCT where in-house council staff could lose to an external service provider and then be forced to leave rural areas in search of alternative employment.

While the previous compulsory tendering regime imposed a rigid system that mandated a tendering target for councils, this bill will provide greater flexibility by enabling councils to determine whether there is value in going to tender. It will remove the effect of the current provisions where councils often find it necessary to tender for small value contracts solely in order to reach their statutory CCT target. The new provisions will allow councils to apply the best-value principles to their services as existing CCT arrangements expire.

The best-value principles will underpin all financial decisions relating to service provision and introduce a new system of local accountability. The bill sets out six best-value principles that councils must observe. These place an onus on councils to ensure that their services offer the best possible quality and value for money; are responsive to community needs; are accessible to the people they are intended for; show continuous improvement; are subjected to regular community consultation; and that a council reports regularly to its community on how the council's services measure up against the best-value principles.

These principles will be supported by guidelines and codes established by the minister in consultation with the sector. These will assist councils in implementing the best-value principles and will provide leadership in relation to the development of local standards for achieving the best mix of quality services and affordability.

The bill requires councils to develop quality and cost standards for their provision of services to the community. This will ensure that councils deliver to their communities the desired features and levels of service expected of them. The bill sets out key factors to be taken into account by councils in developing the standards. These include the need to review services against the best on offer in both the public and private

sectors; the assessment of value for money in service delivery; community expectations and values; the balance between affordability and accessibility of services to the community; and opportunities for local employment growth or retention.

In reviewing services, councils may continue to use tendering but equally may choose to compare their services against those provided by other councils, public and private sector providers without conducting public tendering. Either way, councils will be looking broadly to set service standards, programs for achieving them and ongoing reviews to ensure their standards are reached or exceeded.

The bill also sets out factors that may be taken into account by councils in applying the remaining best-value principles. Some factors are common to those that apply to setting standards. Others include the value of potential partnerships with other councils, state and commonwealth governments, and the private sector; and potential environmental advantages for the municipality.

The new system will be ushered in by councils publishing timetables for best-value reviews of all the services they provide to their communities by 31 December 2000. Councils will have five years, to December 2005, to complete and implement review outcomes. Whilst the obligation to strive for services delivering best value will be ongoing, and progress reported annually by councils to their communities, all services will be subjected to a best-value review every five years.

As a related matter, the bill raises the threshold above which councils are required to use public tendering before entering into a contract. The current limit of \$50 000 will be raised to \$100 000 to better recognise the cost of tendering relative to the value of contracting.

The government is committed to fulfilling its election commitment to abolish a policy which has imposed an arbitrary target on all councils for tendering and strained the financial and social sustainability of many rural communities. The Labor government understands that the key to successful local government is allowing councils the freedom to build effective partnerships with the local community. By introducing a new best-value approach to the delivery of council services, the bill will ensure that councils are primarily accountable and responsive to the needs of local communities, rather than the state. 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 now turn to the provisions of the bill.

Clause 1 outlines the purpose of the bill, which is to amend the Local Government Act 1989 to replace the compulsory competitive tendering requirements imposed on councils with an obligation to ensure that councils seek the best value in providing services.

Clause 2 provides for the bill to come into operation on the day after it receives royal assent.

Clause 3 provides that in seeking to achieve its purposes a council has a new objective of achieving the best-value principles.

Clause 4 substitutes the competitive tendering provisions in the Local Government Act 1989 with a new division dealing with best-value principles. The new division sets out the best-value principles and provides that a council must comply with these principles. It also requires councils to develop quality and cost standards for the provision of any service they deliver for their community. In developing these standards a council must take into account the need to review services against the best on offer in both the public and private sectors, an assessment of value for money in service delivery, community expectations and values; the balance of affordability and accessibility of services to the community; and opportunities for local employment growth or retention. These standards must be publicly available.

In applying the best-value principles a council may take these above factors into account as well as the value of potential partnerships with other councils and state and commonwealth governments; and potential environmental advantages for the council's municipal district. A council must report to its community at least once every year on what it has done to ensure that it has given effect to the best-value principles.

A council must apply the best-value principles to all of the services it provides on or before 31 December 2005 and must develop a program for the application of the best-value principles on or before 31 December 2000.

In addition the minister may publish a code and/or guidelines in relation to the best-value principles. Before publishing a code or guideline the minister must consult with any local government body that the minister thinks it appropriate to consult with.

Clause 5 repeals other competitive tendering provisions in the Local Government Act 1989.

Clause 6 substitutes section 186(1) of the Local Government Act 1989 with a new minimum compulsory tender amount of \$100 000 replacing the current \$50 000 amount. Where a council intends to enter a contract for the purchase of goods or services, or for the carrying out of works, and the contract has a value of \$100 000 or more, the council must invite tenders or expressions of interest by public notice.

Clause 7 provides a new regulation-making power in schedule 12 of the Local Government Act 1989 relating to the best-value principles.

I commend the bill to the house.

Debate adjourned on motion of Hon. N. B. LUCAS (Eumemmerring).

Debate adjourned until later this day.

REGIONAL INFRASTRUCTURE DEVELOPMENT FUND BILL

Second reading

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

That this bill be now read a second time.

It is with great pride that I introduce the Regional Infrastructure Development Fund bill into the house.

The establishment of the fund is the first step in beginning the task of rebuilding infrastructure in regional and rural Victoria. It represents our commitment to shift the focus of government in this state to fully encompass the people, communities and industries outside metropolitan Melbourne.

It reinforces the commitment of the Bracks government to develop the whole of our state and govern for all Victorians. And just as importantly, the introduction of this bill as one of the first pieces of legislation also highlights that this government is true to its promises. We promised that this legislation would be a priority. Today the Bracks government is honouring that promise.

The need to boost infrastructure in country Victoria is well known and well established. For too long country Victoria has been missing out on economic opportunities crucial to generating growth and jobs.

For the last seven years country Victoria has been neglected by a Melbourne-centric government. A

review of economic indicators confirms the extent of that neglect.

This year's report of the Building Control Commission shows that over the past financial year, country Victoria won just 10 per cent of new commercial building investment and only 16 per cent of new retail building investment. An earlier report by respected analysts Access Economics highlighted the fact that of the new investment in manufacturing under construction, only 14 per cent was being undertaken in rural or regional areas.

Of the 21 projects managed by the previous government through its Office of Major Projects, not one was in country Victoria. All of the \$2.1 billion-worth of projects were located within the 'tram tracks' of Melbourne. This Melbourne-centric focus was exacerbated by the closure of 178 country schools, 8 country hospitals and the decimation of 6 passenger rail services.

The neglect of country Victoria feeds through into unemployment statistics. Despite an unprecedented seven years of national and international economic growth, the unemployment rate in many areas of country Victoria remains at double digit levels with youth rates in some regions approaching 50 per cent.

The latest Australian Bureau of Statistics figures over the year to September 1999 are even worse. They show that over the past year full-time employment in regional and rural Victoria actually declined 0.2 per cent. ABS statistics for the three years ended June 1999 show that during this period Melbourne gained 98 per cent of all net new jobs and country Victoria just 2 per cent. In total, Melbourne grew by 92 700 jobs. In contrast, regional Victoria gained just 1900 jobs.

The importance of infrastructure investment in boosting economic opportunities in country Victoria has been highlighted by a number of groups including the Victorian Farmers Federation. In a detailed submission prepared earlier this year the VFF detailed the massive infrastructure backlog in regional and rural Victoria. The VFF called for government action to address infrastructure shortfalls in electricity, telecommunications, water, transport and health.

These views were echoed in the recent regional summit in Canberra where speaker after speaker highlighted the need for greater infrastructure investment in regional areas. The essential point is that both the state and federal government must invest much more in vital economic infrastructure in regional Victoria.

For its part, the Bracks government is committed to providing genuine leadership by working in partnership with regional Victorian communities, business and other levels of government to attract new investment and create jobs. It is essential that regional Victoria enhances its competitive strengths that are vital to competing in world markets and generating export opportunities.

Infrastructure is a key part of building competitive capacity. If regional and rural Victoria is to achieve its economic potential and generate \$12 billion of food and fibre exports by the year 2010, world-class infrastructure will be needed.

One way in which the state government can stimulate investment, jobs and exports is to facilitate infrastructure projects that build on regional strengths and provide scope for new business activity and public and private sector cooperation.

The passage of this legislation through the house will enable the government to establish a Regional Infrastructure Development Fund and make available capital works funding to regional communities.

The bill presented to the house is simple and straightforward. The bill:

- establishes the fund as a trust fund in the public account;

- defines the broad purposes for which the fund may be used;

- and makes clear the ministerial arrangements pertaining to payments out of the fund.

The government has decided to establish the Regional Infrastructure Development Fund by way of a trust fund in the public account. This arrangement is clear, transparent and accountable. And it shows the sincerity of the government's commitment to using the funding available for the purposes for which it was intended.

We will deliver on our promise to provide up to \$170 million for infrastructure funding over the next three financial years.

The bill establishes the broad purposes for which the fund is established. These are to provide benefits to regional Victoria through providing infrastructure which:

- supports new industry development;

- improves critical transport linkages;

builds up tourism infrastructure;
and better links regional Victoria to new opportunities in education and information technology.

During the recent state election campaign the now government announced a number of major infrastructure initiatives to be provided through the Regional Infrastructure Development Fund. These include:

rail freight standardisation — up to \$40 million in partnership with the federal government and Freight Victoria to enable the conversion of key broad gauge rail lines to standard gauge;

education — major commitments to new education and technology infrastructure in the key regional centres of Ballarat, Bendigo, Geelong and the Latrobe Valley;

dairy industry — \$4 million to assist the dairy industry with the cost of constructing cattle underpasses;

wine industry — seed funding to establish a wine industry centre of excellence at Aradale in Ararat;

information and communications technologies — measures to assist the growth of ICT, including two new high tech town pilot projects and a regional call centre attraction program;

electricity — \$8 million to enable the upgrading of electricity infrastructure in south-west Victoria in partnership with industry and dairy farmers.

Once this bill becomes law, work can commence to put these projects and others in place over the next three years.

In addition, the government will seek further proposals that will enhance the development of rural and regional Victoria. These will be assessed in line with transparent and open criteria that will ensure these projects address real needs and deliver real benefits.

Detailed guidelines for submissions for funding under the Regional Infrastructure Development Fund are being prepared, and will be published for the information of all Victorians. They will be distributed to all members of Parliament so that they can encourage communities in their electorates to apply for funding.

In determining how payments out of the fund are to be made, we have sought to provide both flexibility and responsiveness as well as accountability. The bill

therefore provides for grants of less than \$2 million to be approved by the minister while grants of \$2 million or over will also require the approval of the Treasurer.

The government's decisions will be informed by the recommendations of a committee comprising representatives of the departments most centrally involved in delivering this key initiative, in particular the departments of State and Regional Development, Infrastructure and Premier and Cabinet.

Critical to the success of this initiative will be the input of the soon-to-be-formed Infrastructure Planning Council which will provide a forum for the involvement of key stakeholders on infrastructure issues.

This bill embodies both a symbolic and practical commitment to regional Victoria. This bill demonstrates our commitment to giving rural and regional Victoria a better chance to share in Victoria's prosperity. It introduces a tangible mechanism by which we can begin to redress existing disparities between Melbourne and country Victoria.

This bill will deliver substantial benefits to rural people and their communities. It will deliver solid benefits for regional industries and businesses.

This bill deserves the support of all members of this house who have the interests of country Victoria at heart. That should be all honourable members of this house, no matter what their political persuasion.

I commend the bill to the house.

Debate adjourned on motion of Hon. G. R. CRAIGE (Central Highlands).

Debate adjourned until later this day.

AUDIT (AMENDMENT) BILL

Second reading

Debate resumed from 7 December; motion of Hon. M. M. GOULD (Minister for Industrial Relations).

Hon. M. M. GOULD (Minister for Industrial Relations) (*By leave*) — I wish to make a statement regarding the second-reading speech. On page 6 of *Daily Hansard*, the proof version, in the paragraph commencing 'There are some further amendments suggested by the Auditor-General', the words 'proposed section 7E' should read 'proposed section 7F' and the words 'proposed section 7F' should read 'proposed section 7G'.

Hon. BILL FORWOOD (Templestowe) — The opposition supports the bill. The issue of the Auditor-General has been on the agenda since 1997, when the Audit Act was amended by the former government and many people became involved in the issue. Victorians are now better informed about what an auditor does and the roles the Auditor-General and the audit office have ensuring accountability and transparency in government administration.

No one can be blind to the concerns raised in the community in 1997 by the then government's amending of the act. I will refer to some of those issues later in my contribution, but it is sufficient to say that there is no doubt the issue was of concern to people at the last election and it is therefore appropriate that both sides of the house respond to the wishes of the electorate. It is for that reason the opposition supports the bill.

The opposition made that support clear when formulating its response to the Independents charter in the interregnum period after 18 September and specifically addressed the issue of the Auditor-General. It agreed to restore the role, functions and resources of the Auditor-General by repealing the Audit (Amendment) Act and to make future appointments to the position of the Auditor-General on the recommendation of the then joint parliamentary Public Accounts and Estimates Committee. It made the additional suggestion that it would ensure that the Auditor-General would continue to be an officer of Parliament, with his or her budget agreed to by Parliament. At that stage the opposition went on the record as supporting amending legislation, and that is what is occurring today.

I note that the bill transmitted from the Legislative Assembly is a marked improvement on the bill that was introduced there. It is a welcome sign of the cooperation that can occur between the two parties and the two houses of Parliament. A number of honourable members on this side of the chamber were involved in redrafting clauses that showed all the signs of hasty preparation. Although I would never criticise members of the bureaucracy, many of whom I count among my friends, I note that the bill now before the house has been significantly improved by the actions of the Legislative Assembly in passing 32 amendments.

Why we have an Auditor-General and what he does is now on the public record, and rightly so. It is easy to be flippant about past government failures such as the former Victorian Economic Development Corporation, Tricontinental, the Bank of South Australia and so on, which demonstrate that having an auditor does not

necessarily protect the public or the government from such things, but there is a need for a robust, independent system that allows someone to look at the financial books and report to Parliament on those books.

An Auditor-General also needs to undertake performance-related audits and ministerial portfolio reports, such as are carried out in Victoria under sections 15 and 16 of the Audit Act. Those audits are crucial in ensuring that funds appropriated by Parliament are expended efficiently and effectively in the best interests of the community.

The role of auditors-general and the legislation that governs them has been growing over time. Each generation improves on previous legislation, and although Parliament is repealing some aspects of the legislation that the former government passed in 1997, that legislation enhanced and improved the functions of the Auditor-General. Despite the campaign that raged against the then government and the so-called attack on the independence of the Auditor-General, many of the provisions of that act will survive in the amending bill because they enhance the accountability of the audit office and the role Parliament plays in the process. They are part of the process of ensuring frank discussion, influence and conversation by the Parliament and the audit office through the workings of the parliamentary Public Accounts and Estimates Committee.

I refer members to a report of a commonwealth joint parliamentary committee inquiry into the independence of the audit office. I know the former Auditor-General was of the view that in reviewing the Audit Act we could do worse than look at the 1996 federal report. That could still be done despite the major concerns about the 1997 legislation. I do not have much doubt that the audit office was equipped to do and was capable of doing anything it wanted to do. The contestable process the former government introduced meant that the Auditor-General could not audit in his own right. That was the flag waved around by the opponents of the then government.

I will read from a letter dated 31 October 1997, which I wrote to the then Auditor-General, Ches Baragwanath, about how I thought the new system would work. It states:

Dear Ches,

I thought I might write to explain my understanding of how the new system will work in practice.

While audits will be done under contract to you, you have absolute authority to report to Parliament and the act makes no specification on what such a report should contain.

As your section 15 powers are retained in the act, you can report on any matter arising from a financial audit at any time. How a matter 'arises', and how you deal with it, is entirely up to you. Of course, you have complete discretion on how you report a performance audit as well.

The next thing is that you are funded by the Parliament, not the executive. If you decide to report to Parliament you will use your own resources — not those of a contracted firm or person — to do so.

Given your section 11 powers to get information, under oath if necessary, I don't see what the problem is — you can report, you are resourced, you can go anywhere and get anything.

I would have thought that, coupled with the other powers in the act and the bill, this is absolute independence and a completely robust system.

In essence, you purchase whatever audit services you want and what you do with the result is wholly up to you.

While there was genuine community concern that the Auditor-General could not audit in his own right, the system enabled him to have complete independence. The massive scare campaign started with the suggestion that agencies could appoint their own auditors. Then the extraordinary suggestion was made that ministerial portfolio reports under section 15 would vanish forever. Those reports appeared as a matter of course, as had always been the intention. It was disappointing that the debate went the way it did, but I for one fully accept the verdict of the people on the issue, and that is why the opposition supports the bill.

I will make a few comments on some of the sections the then government included in the Audit Act. In 1997 section 3A, the objectives section, was inserted. It spells out the clear and apparent objectives of the act. For the first time the roles, function and objectives were put on record.

The then government also inserted section 4A, headed 'Independence of the Auditor-General'. The Auditor-General was made an independent officer of the Parliament. While the next step has now been taken, enshrining that in the constitution — and I do not have a problem with that — it is important to put on record that the Kennett government ensured the independence of the Auditor-General. It was also the government that inserted section 4B, headed 'Auditor-General to have regard to audit priorities', which provides:

In performing or exercising his or her functions or powers, the Auditor-General must confer with, and have regard to any audit priorities determined by, the Parliamentary Committee.

Again, by including that statutory provision, the Kennett government strengthened the relationship between the audit office and the Parliament. That provision has been enhanced in the bill. Section 16(2) of the Audit Act goes to the same point about performance audits:

A specification must be prepared by the Auditor-General in consultation with the Parliamentary Committee and the relevant authority and must set out the particular objectives of the performance audit and any particular issues to be addressed.

During my time as Chairman of the Public Accounts and Estimates Committee a sensible and robust system was put in place whereby the performance audit program of the Victorian Auditor-General's Office is worked through in detail with the Public Accounts and Estimates Committee on behalf of the Parliament, covering not just setting the topics to be considered for performance auditing but, once that has been done, putting in place a robust system for setting specifications.

I am absolutely certain that the Auditor-General's office would say that the process for the development of the specifications and the performance audit program is better for the changes made by the Kennett government in 1997. I am pleased that role continues through the audit plan.

However, I was surprised that some 1997 provisions were dropped when the original bill went to the other place. Some of the amendments moved by the Leader of the Opposition and accepted by the government re-inserted provisions that had been proposed to be removed.

The change that leapt off the page was the proposal to remove the requirement that the Auditor-General audit according to accounting standards. For the life of me I have no idea why that change was proposed. Society is better off if auditors, like accountants — I am an accountant and so is my colleague the Honourable Roger Hallam — operate according to the rules laid down because that affords better protection for all. I am not being critical of the government. I am pleased it accepted that amendment. In particular I am glad the government has amended the legislation by re-inserting the objectives clause, which I mentioned previously, and the details of the independence clause, which were proposed to be dropped for some reason.

I note with surprise that the Independent honourable member for Gippsland West considered some of the opposition's amendments were trivial. From memory the two examples she mentioned in the chamber just

put back what was originally there. I would have thought it was trivial to remove those provisions. It was important that they be re-inserted. I am sure honourable members would agree that having regard to something, as provided by section 4B of the Audit Act, is far stronger than taking account of something. When it is said the Auditor-General is not subject to direction from anyone, it is important to spell out that he is not subject to direction from anyone about whether an audit be conducted, the way the audit is conducted or the priority of the audit. Such specific provisions spelling out the arrangement are stronger than a blanket statement.

I am pleased to note those original terms have gone back in. In particular I am pleased to see proposed section 7D, which picks up part of the old section 4B:

In performing or exercising his or her functions or powers, the Auditor-General must confer with, and have regard to any audit priorities determined by, the Parliamentary Committee.

Notwithstanding that, I understand that it is important that the audit plan be provided for in the bill.

Clause 7D(2) provides:

The Auditor-General's budget for each financial year is to be determined in consultation with the Parliamentary Committee.

That addition was proposed in opposition amendments in the other place. It takes one step further the process of independence and the development of a relationship between the audit office and the Parliament. The coalition included such a proposal in its response to the Independent's charter. I am pleased the government saw fit to pick up that suggestion.

Another suggestion was put forward by the opposition in its contribution to improving the hastily drafted bill introduced in the other place. It picked up on the issues raised by the Public Accounts and Estimates Committee in its report, *Annual Reporting in the Victorian Public Sector*, chaired by my friend and colleague the Honourable Neil Lucas, a man who will go far — he probably already has! Recommendation 5.5 suggested that the Audit Act be amended to provide the Auditor-General with the capacity to form an opinion on the extent to which performance indicators contained in annual reports were relevant to an agency's stated objectives and whether they were met.

That follows from work done in Western Australia. It is another example of how the Parliament can move forward in enhancing robust systems of measurement. It ties in with much of the work of my friend and

colleague the Honourable Roger Hallam during his period as Minister for Finance. We introduced to Victoria the accrual accounting system and management initiatives that have led to robust systems of budgeting and reporting outputs. Now we know what we intend to do. We establish it through the budget process, we set the parameters, we measure at the end and we report on it back to the Parliament. A robust system in the whole process is developed.

I am pleased to see that has also been picked up. At one stage it was the intention to remove the capacity of the parliamentary committee to report on audit priorities. The Parliamentary Committees Act provides the capacity for the Public Accounts and Estimates Committee to report on audit priorities for the purposes of the Audit Act. I am pleased to see that an amendment to that effect has been made to the bill.

Clause 23 is symbolic because it repeals the Audit Act 1997 which became redundant legislation following the passage of an amending bill, but the people of Victoria caught the slogan that it should be repealed. So for purposes none other than clearing up redundant legislation, while making substantive amendments, we are going through the charade of repealing the old act.

The bill brings to an end a short-lived era of contestability in the Victorian Auditor-General's Office. I will be interested to see two things: firstly, how much the new Auditor-General uses the private sector for financial and performance audits; and secondly, how it is reported to the Parliament.

The proposed new section 7F provides:

The Auditor-General may engage any person or firm under contract to assist in the performance of any function of the Auditor-General.

In other words, while there is no requirement for contestability under the new regime, the Auditor-General has the capacity to engage anybody he likes. Proposed new section 7G(2) outlines how the Auditor-General will report under section 9, which sets out the financial reporting requirements. The effect is that the Auditor-General or his office must report on all audits where assets are more than \$1 million but it does not require him to carry out the audits.

The major inference in the contribution of the honourable member for Gippsland West in the other place is that the Auditor-General will carry out those audits. In fact the legislation requires only that he report on them. One of the problems will be that the large accounting firms or accountants that have been contracted to carry out audits will have to report to the

Auditor-General's office and the Auditor-General will have to sign off on those audits for the purposes of reporting to Parliament.

I predict the proposed new section will be revisited in the future because it does not add anything to the process. In essence it provides for the Attorney-General to sign off someone else's work. If people are required to do the work, regardless of whether they have been through the contestable process, they should take responsibility for it. If the Auditor-General does not like the work they are doing, he should fire them and get someone else to do the work or do it himself.

We know from the second-reading speech that the government intends to introduce further legislation. I am pleased that the commercial-in-confidence clause has been strengthened. I refer the government to the previous Auditor-General's wish list of changes to the act. He sought access to records of external service providers and I know that on the frequency of performance audits he agrees with me that three years is too short. In previous forums I argued strongly, but with little success, that we should change that time frame. I also argued strongly that the new Auditor-General should be appointed on the recommendation of the Public Accounts and Estimates Committee — with equal success. I am delighted that that recommendation has been picked up in the bill.

Further legislation will be introduced on the operation of the Auditor-General's office. I look forward to enhancing in the audit process the role of the Parliament, particularly in the Public Accounts and Estimates Committee. I look forward to enabling the Auditor-General to operate in a professional manner so that he can report to the Parliament on the issues about which he is concerned. I also look forward to working with him in the years ahead, if I have the opportunity to do so through the Public Accounts and Estimates Committee. I commend the bill to the house.

Hon. D. G. HADDEN (Ballarat) — I support the Audit (Amendment) Bill. The former Liberal coalition government member for Mitcham, Mr Roger Pescott, stated publicly that the main reason for his resignation in late 1997 was his then government's intention to amend the Audit Act to alter the role and function of the Auditor-General which compromises the checks and balances at the core of our system of government.

The public was not convinced that the nobbling of the Auditor-General was in the public interest.

Hon. Bill Forwood — Don't read it!

Hon. D. G. HADDEN — They are my notes. The then Minister for Finance, the Honourable Roger Hallam, did not realise his expectation of convincing the people of Victoria about the merits of the changes to the role of the Auditor-General. He did not convince the people of Victoria that the nobbling of the Auditor-General was a good idea, and the so-called extensive consultative process, research and investigation conducted by three highly respected members of the community of the accounting profession and academia did not get it right. They were out of touch. Having taken the matter to the Victorian community on 18 September, the Honourable Roger Hallam can no longer claim to be relaxed. His then government, now in opposition, judged — —

Hon. Bill Forwood — On a point of order, Mr Deputy President, it is apparent from the actions of the honourable member that she is slavishly reading and not just referring to copious notes. It is a written speech. I ask her to conform to the practices of the house.

Hon. T. C. Thephanous — On the point of order, Mr Deputy President, it has been a longstanding practice of this place to refer to notes in delivering speeches. Where the issue is of a complex nature and requires careful argument, particularly where references are being made to positions adopted by the former government where accuracy is an important aspect, it is appropriate to refer to those notes. It is done by all members in this house, and new members ought to have some degree of leeway on that point.

Hon. N. B. Lucas — On a point of order in response to Mr Thephanous's comments, we have not heard anything of a technical nature. No figures or dates have been mentioned; general comments have been made about what happened in the last term of the former government.

The honourable member has not needed notes of a technical nature for anything that has been said. I have been listening to the whole of her speech, whereas Mr Thephanous has not. I put to you, Mr Deputy President, that there is no need for technical notes because nothing technical has been stated in the speech at this stage.

The DEPUTY PRESIDENT — Order! On the point of order, the issue has been raised frequently since the house began its sittings. It is clearly understood that honourable members can use copious notes. It is the practice of the house that honourable members may quote from notes. It is just as clear that the practice of the house is for members not to read speeches. I

therefore urge members to use notes for reference but to refrain from reading speeches in keeping with the longstanding practice of this house.

Hon. D. G. HADDEN — The Independent members charter supported Labor's proposed amendments to the Audit Act and supported the restoration of the Auditor-General's powers. The Independents charter supported stable, open and accountable government, which was part of the Labor Party's promise to the Victorian people before the state election. The charter listed two priorities with respect to the Auditor-General. The first was to restore the role, function and resources of the Auditor-General by repealing the Audit (Amendment) Act 1997. The second was to have future appointments to the position of Auditor-General made on the recommendation of the joint parliamentary Public Accounts and Estimates Committee. The Liberal and National Party opposition also supported the Independents charter in that respect.

The Audit (Amendment) Bill will perform five primary functions, which I will list. The first is to provide the Auditor-General with the powers removed in 1997 to conduct audits. The second is to abolish Audit Victoria and transfer its staff and assets to the Victorian Auditor-General's Office.

The third is to entrench the office of Auditor-General into the Victorian constitution. The fourth is to improve the accountability and reporting of the Auditor-General. The fifth is to improve the operation of the Auditor-General and his office. I will now go into some detail on those five primary functions because they are rather complex.

Firstly, the Auditor-General's powers are contained in clause 11(1) of the bill, which repeals part 2B of the principal act which related to authorised persons and also contained a compulsory tendering requirement.

Clauses 12 to 17 and 19 remove the references to authorised persons, which was the phrase introduced in the 1997 act to refer to persons authorised by the Auditor-General to conduct audits.

Secondly, clause 10 repeals part 2A of the principal act, which relates to Audit Victoria. Clause 22 inserts new provisions — sections 24, 25 and 26 — into the act. Those provisions abolish Audit Victoria, transfer its assets and liabilities to the state and transfer the staff to the Victorian Auditor-General's Office.

Thirdly, clause 3 inserts a new division into the Constitution Act, and clause 4 relates to the entrenchment of the Auditor-General; it amends section 18(2)(b) of the Constitution Act to insert a requirement

for an absolute majority of both houses of Parliament. The divisions to be inserted provide for the appointment of an Auditor-General under proposed section 94A, which is based on the current section 4 of the Audit Act. The first difference is that under proposed section 94A the Auditor-General is appointed by the Governor in Council on the recommendation of the parliamentary committee.

The other difference is that proposed section 94B deals with the independence of the Auditor-General. The provision is based on the current section 4A, which provides that the Auditor-General is an independent officer of the Parliament.

A further difference is that proposed section 94C deals with tenure of office. That differs from the current section 5 as a result of the amendments passed in the other place. The main difference is that under proposed section 94C a new process has been added for the termination of the office of Auditor-General initiated by the Parliament.

Clause 8 repeals sections 4, 4A and 5 of the act, which relate to the current appointment, independence and tenure provisions of the act that are no longer necessary as a result of changes to the constitution made by clause 3.

Fourthly, clause 9 improves the accountability and reporting powers of the Auditor-General. The clause adds new divisions to the act, including section 7A, which requires the Auditor-General to prepare and submit an annual plan to the parliamentary committee and to each house. The new section 7A (4) provides that the Auditor-General must complete the annual plan as soon as possible after the passage of the annual appropriation act for the year it relates to.

The clause also adds a new section 7B, which establishes an annual report regime for the Auditor-General. The provisions of the Financial Management Act do not apply to the Auditor-General because that is a duplication of the reporting conditions. Clause 9 also adds section 7C, which allows the parliamentary committee by resolution to vary any obligations under the Financial Management Act or the Public Sector Management and Employment Act. The intention of the Auditor-General will be subject to the same legislative regime as other statutory office-holders, but some statutory powers or ministerial powers — that is, directional powers under those acts — may be inappropriate for application to the Auditor-General.

Under new section 7C(1) a variation can be disallowed by either house, which will create certainty.

Finally, the new sections inserted by clause 9 will improve the operations of the Auditor-General and his office. The clause inserts proposed new section 7G, which was referred to by the Honourable Bill Forwood. Proposed new section 7G(1) allows the Auditor-General to delegate in writing to any person any function or power of the Auditor-General other than portfolio reports under proposed new section 15, performance audits under proposed new section 16 and reports on annual financial statements under new section 16A.

The Auditor-General can delegate to other than employees of the Victorian Auditor-General's Office the ability to make proposed new section 9 audit reports if the net assets of the authority are less than \$1 million.

Clause 15(2) enables the Auditor-General to include any information in an audit report so long as it is relevant and in the public interest. Clause 17(2) amends section 16 in relation to performance audits so that the performance audits need not be authority based but can be of an activity across the public sector or a part of the public sector.

In summary, the Audit (Amendment) Bill enshrines and improves the audit powers, functions and role of the Auditor-General, which is absolutely crucial to the operation of a responsible, open and accountable government. I commend the bill to the house.

Hon. R. M. HALLAM (Western) — When the Minister for Industrial Relations introduced the Audit (Amendment) Bill she commenced rather well. In her second-reading speech she referred to the need for an effective and independent Auditor-General and said that that was almost universally accepted as a hallmark of our democratic institutions. She then spoke about the role of the Auditor-General in supporting Parliament in the crucial function of authorising and supervising the spending of moneys from the public purse. Every honourable member would agree with that; the opposition has no argument with it.

The problem is that from that point on, the minister's speech went downhill and turned into a quite crude political charade. If one strips away the rhetoric, the smoke and mirrors, one sees that the Labor government is saying the bill is driven by two fundamental principles that apply to the Auditor-General. The first is the independence of his or her office; the second is the capacity of the Auditor-General to undertake the responsibilities with which he or she is charged.

Hon. T. C. Theophanous — We agree with that.

Hon. R. M. HALLAM — I am pleased that we have your agreement, Mr Theophanous, but in respect of both issues the previous Labor opposition, now the Labor government, was able to put it abroad that the Auditor-General had been nobbled; I heard that word used again by the previous speaker. I will examine both those principles brought forward by the Labor Party in government and explain why they fall far short of the concept of nobbling.

I turn to the issue of independence. It is important to understand the charge because the same Minister for Industrial Relations who talked so purposefully about the objectives of the Auditor-General referred in the same speech to the people's concerns about the independence of the Auditor-General. The government has immediately stepped back from the challenge about independence. This is not the government saying anything about the independence of the Auditor-General, because it knows it cannot sustain the specious argument, rather referring to the perception of independence and the people's concerns about the world. That is a nonsense because in 1997 the then Kennett government, to its eternal credit, introduced an amending bill that made the Auditor-General an independent officer of Parliament. It removed him from the scrutiny of the executive and established his budget as part of the budget of Parliament.

Now we have the truth. The Kennett government underwrote the independence of the Auditor-General. The Kennett government stood the Auditor-General apart from the executive.

If I need rely on an authority for that assertion I can turn to the words of the Bracks government. The second-reading speech says, in effect, 'We will go on in this bill to enshrine and entrench the independence of the Auditor-General'. It says the bill enhances the independence of the Auditor-General by maintaining his status as an independent officer of Parliament. That is an acknowledgment that the bill does nothing other than enhance and sustain the changes introduced by the Kennett government.

Hon. T. C. Theophanous — Why don't you say you got it wrong, apologise and sit down?

The DEPUTY PRESIDENT — Order! You will have your chance later, Mr Theophanous.

Hon. R. M. HALLAM — We did not get it wrong.

Hon. T. C. Theophanous — Put it on the record.

Hon. R. M. HALLAM — I am happy to put it on the record and have done that several times. The government is reinforcing the position; the minister actually used the word when she said the government would maintain the status. The government says it will enshrine and entrench. The government has taken the amendments introduced in 1997 by the Kennett government, swept them across into the constitution, and is now holding them up as the words of the Messiah.

The government has simply endorsed what took place in 1997. The speech of your Leader does that, Mr Theophanous. It acknowledges that what took place in 1997 on the independence of the Auditor-General is endorsed today by the Labor government. The opposition has no argument with the bill on that score.

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — We are happy to be judged on our record on the independence of the Auditor-General. The bill simply locks away the protection of the Auditor-General, which was a central feature of the 1997 amendments. I repeat — and I rely on the minister's second-reading speech — that that fact is acknowledged by the Labor government. Let's put the issue of independence to one side because the arguments are a total scam. What took place in 1997 is acknowledged and endorsed by the Labor government this time around.

I turn to the second issue of the capacity of the Auditor-General.

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — You will have your turn, Mr Theophanous; no doubt we will have to suffer your contribution.

I turn to the second issue dealing with the capacity of the Auditor-General. It is a fact that the Auditor-General's hands-on role was reduced in 1997. The opposition, then in government, does not walk away from that. It embraced the issue of contestability and it did so deliberately and on the best of professional advice. It is not trying to change history — far from it: members of the opposition are proud of what occurred in 1997.

Audit Victoria was established to undertake the work in those circumstances where it could be demonstrated that there was not the required expertise or experience in the private sector — or at least, that was the perception. I am happy to run the argument that that was quite specious because the private sector has all the

expertise we need. Sometimes we sell the private sector short by assuming that the Auditor-General has a mortgage on wisdom when it comes to public sector auditing. But the point I acknowledge is that we established Audit Victoria.

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — I am simply putting the facts, Mr Theophanous; you can have your turn.

The DEPUTY PRESIDENT — Order!
Mr Theophanous is testing the patience of everybody. I ask him to allow Mr Hallam to make his contribution.

Hon. R. M. HALLAM — It is also a fact of life that substantial investment was directed at Audit Victoria. Why would anyone be surprised at that? It had to be established out there in the cruel commercial world. It required some working capital, and that was allocated. I do not walk away from that. We needed to have a realistic foundation if Audit Victoria was to have any prospect of surviving in a cut-throat world.

Do not be fooled by the comments now attributed to the Premier. He says the exercise cost \$18 million, but what he failed to add was that much of that is still there in the form of working capital, and I suspect it will be quietly brought back into the public fund. I suspect at least \$8 million will be brought back, and that does not take into account whatever value there is in work in progress.

So, it is much less than \$18 million, and if we are going to talk about cost then much of it can be laid squarely at the feet of the new Bracks government that took the decision to pull the pin on Audit Victoria. Most of the cost can be attributed to this mob, who decided there was no place in the world for a commercial organisation.

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — I make the point, Mr Theophanous, that you cannot have your cake and eat it too. You cannot criticise us for investment in the first place and ignore that much will be recovered in the normal course of events. If you are going to talk about costs, let's put the real costs on the table and understand that much of it was incurred by a decision taken directly by Labor.

It is also true that the Auditor-General's capacity to physically and directly undertake audits was restricted. That is not challenged, and that feature of the 1997 amendments was debated fully at the time. Why would we want to challenge that? Let's remember in the same

context that although the Auditor-General could no longer physically undertake the audits under the Kennett government changes, the Auditor-General was still totally responsible for the scoping of the audit, the selection of the auditor, the monitoring of the audit process and for reporting to Parliament. Nothing had changed in terms of ultimate responsibility.

Hon. D. G. Hadden — Then why change it?

Hon. R. M. HALLAM — Because we chose to get some contestability into it.

The Kennett government chose as a matter of deliberate policy to introduce some contestability, and it did so based on sound professional advice. It may not have suited the then opposition, but it was done on the best professional advice. The model the government adopted in 1997 was determined after a far-reaching inquiry into the roles and responsibilities of the Auditor-General, particularly within the confines of national competition policy.

Hon. T. C. Theophanous — We know all about that.

Hon. R. M. HALLAM — Then you won't need to be reminded that other jurisdictions are required to undertake the same process. Other jurisdictions will be required to address it if they are to participate in the dividends under the process; they will be required to run exactly the same gauntlet. It is a matter of historical fact.

It might be poignant to note that national competition policy was driven by a federal Labor government under Paul Keating. Everything the Kennett government did was driven by the notion of contestability, and we did it well and truly within the confines and constraints of national competition policy responsibility.

The 1997 inquiry was conducted by three well-respected and eminent persons. At the time there was an attempt to impugn the status, standing and reputation of the officers involved. I simply make that point. I do not need to defend them because their reputations take them beyond reproach.

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — You can laugh, Mr Theophanous, but I suggest the respect the community has for the three people involved would be something to which you could only hope to aspire. You can do all you need to do in coward's castle to denigrate the process, but I am happy to have on the

record that I for one would most certainly not impugn the reputations of the three people involved.

Hon. T. C. Theophanous — Why would you?

Hon. R. M. HALLAM — You can do what you will to impugn the process, but all it does is drag you even further down.

It is an historical fact that the inquiry conducted by three highly qualified persons concluded that there were public benefits to be achieved with the introduction of contestability into public sector auditing. We can finesse that as much as we like, we can try to handball and slip it through to the keeper, but the facts are the facts. The report concluded there was substantial public benefit to be achieved through the introduction of contestability into public sector auditing. It may not sound too welcome on the other side of the chamber, but it is a fact of life. I acknowledge that the Kennett government did not sell the reform well. I admit that.

Hon. T. C. Theophanous interjected.

Hon. R. M. HALLAM — Just for the record I state that it was not my responsibility, it was the Premier's bill. The changes came to this chamber under the heading of national competition policy and were driven by the Department of Premier and Cabinet. That is a matter of historical fact, and I am not trying to dodge it. I am simply correcting the record.

The Kennett government sold the concept badly. It allowed the notion of nobbling to get out around the community. The Auditor-General became the lightning rod around which critics of all shapes and sizes congregated. From my discussions with some of those critics it became painfully clear that they did not have the slightest idea of what an auditor was or what he did or how we could improve the act. It was simply a chance to come in and kick the Kennett government — they found a great opportunity.

I was not persuaded by the technical arguments because none of the arguments was technical. People did not understand what the auditor's role was. They knew there was some sort of mystical guard dog out there looking after the public purse, but they did not understand the auditor's role.

Honourable members interjecting.

The DEPUTY PRESIDENT — Order! Honourable members will cease the cross-chamber comments and let the speaker proceed in peace.

Hon. T. C. Theophanous — Mr Hallam is making unsubstantiated comments.

Hon. R. M. HALLAM — The other thing that should be said in the context of contestability, again for the record and to rebut some of the stupid arguments now being put, is that even under the former regime most audits were outsourced. It is a fact of life that Ches Baragwanath consistently outsourced approximately 8 out of 10 audits he undertook.

It was hardly some new revolutionary concept that the Kennett government introduced in 1997, because it was a big part of the former Auditor-General's standard mode of operation. My point is that the former government did not sell the reforms well enough and the changes to the Audit Act became larger than life. We were told again and again that we made the Auditor-General's role political. For the record, the Auditor-General did more on that score than anyone else.

Hon. T. C. Theophanous — Now you are getting into Ches Baragwanath.

Hon. R. M. HALLAM — It is a fact of life. It was the Auditor-General who complained bitterly when Labor tried to use him in the election campaign. The Auditor-General said, 'This is not fair, it is a political use of my office', and he resented it. He moved to have it withdrawn. Interestingly, though, it was not all that long before that he had chosen to write to each member of the Victorian Parliament and complain about the amendments to the Audit Act. I suggest that you cannot run with the hare and hunt with the hounds. If you complain about politics you should keep out of it.

I make the point — and I am happy to be judged on it — that the previous Auditor-General did more than me to make his position political. If the former government got the 1997 amendments wrong, there are some really basic questions — —

Hon. T. C. Theophanous — Why don't you just admit you got it wrong?

Hon. R. M. HALLAM — If we got it wrong, as the honourable member maintains, let me ask a few basic questions. Why under the same Auditor-General did we have the grotesque financial experience of the late 1980s and 1990s under Labor? If the Auditor-General was such a fantastic protector of the public purse, how did we get all the chicanery and cover-up under Labor? Honourable members will remember the unreported lease payments, the leased contracts with balloon payments which went unreported further down the track. I suspect, Mr Theophanous, you could give us an

even bigger list because you were up to your ears in it. I remember an interest swap, a transaction worth about \$35 million which you had to explain and later apologise for in the chamber. I remember the scandalous office accommodation schemes. I remember the deferral of expenditure, the manipulation at balance day, shifting expenditure into the next year and dragging forward income, a manipulation where interest had been incurred but which went unreported to a figure of \$984 million at one stage. It was interest incurred but not reported.

This is not a criticism of the Auditor-General at all. It is simply making the point that with the best will in the world the system was not up to scratch. Camouflage and chicanery went unreported and unchallenged. There was allegedly a system of auditing. When I was elected to Parliament, my commitment was to do something about the standards of auditing and reporting. I am proud of my personal involvement in that. If one were to go through the pluses and minuses, one would discover that the Kennett government did more to arm the Auditor-General than any other government in the history of the state.

Honourable members interjecting.

Hon. R. M. HALLAM — What did we do, Mr Theophanous? You know the story well because you wanted to claim credit for it afterwards. The former government introduced the concept of accrual accounting where the reports of the state related to financial commitments as distinct from movements in cash, so that the chicanery of the 1980s and the early 1990s would not go unreported in the future. The government says it is the keeper of transparency and accountability. It was the Kennett government that introduced accrual government.

Hon. T. C. Theophanous — Rubbish.

Hon. R. M. HALLAM — You may not like hearing it but it is a historic fact. That did more to arm our financial watchdog than any other single issue. I for one am proud of that. I am happy to have the debate with Mr Theophanous anywhere and any time on the question of whether the Auditor-General was nobbled and, if so, by whom.

The debate was really about the Auditor-General's staffing structure. Under the 1997 amendments Mr Baragwanath lost the bulk of his staff. They were shipped off to Audit Victoria to undertake much of the same work but under a private sector management regime. I cannot remember how many staff the

Auditor-General had. I think it was 300. In any event, it was reduced to about 30.

Hon. T. C. Theophanous — 10 per cent.

Hon. R. M. HALLAM — I think it was about 300 but that is testing my memory. More than anything else Mr Baragwanath was fighting for his staff structure. Honourable members should remember that he still had the ultimate responsibility. He was still required to manage the scoping, the conduct and the reporting of all the work, but there was a new issue on the agenda. He was fighting to retain his staffing structure.

I believe that is laudable. Let us understand what the debate was about. It was not about the standard of auditing. It was about the staff structure. That was different from the public position, and it is one of the few issues on which I have disagreed with Ches Baragwanath. I am happy to have it reported that I have a great deal of respect for Ches Baragwanath at a professional level and enjoyed a good relationship with him at a personal level. It will come as no surprise to Mr Baragwanath if he reads *Hansard*, which he traditionally does, that I thought he was wrong. I told him at the time that he was wrong.

Hon. T. C. Theophanous — Now you think he is right.

Hon. R. M. HALLAM — I will come to that, Mr Theophanous. You will have your turn. We have achieved less than the ultimate and have set public sector auditing back by some years. However, given the history of the changes — I am not in a position to do other than reflect upon it, as I do not have the chance to influence the outcome — we are not unhappy about the first effect of the bill in that it enshrines the independence of the Auditor-General, because we started that anyway. Why would we want to argue with it? We sponsored the strengthening of it through the amendments that were framed to a large degree by the Honourable Bill Forwood, to his credit. We have strengthened the bill as a direct result of that.

I turn to the second effect of the bill, which Labor acknowledges — namely, the capacity of the Auditor-General. The current bill is sad because I had hoped we would take the issue beyond that of partisan politics. I thought we would chase the best long-term outcome. I thought we had a chance to get much more mileage out of the benefits that had been identified and espoused by the review committee. I am sad that Audit Victoria has been put to the sword. That will cost the community in the long term. I pay tribute to the board of Audit Victoria under the chairmanship of David

Elsum, and to the management team of Audit Victoria under the direction of — —

Hon. T. C. Theophanous — What did David Elsum do?

Hon. R. M. HALLAM — You will have your go, Mr Theophanous. I am sick of you. I also want to pay tribute to the role of the management team under the direction of the chief executive, Paul Barker. I have no concern about Paul Barker securing employment. I am not concerned about his senior executives doing the same, because they are all highly qualified and capable people. The government has determined that the team will be dispersed, and that will be a cost to the community.

I had hoped that commercial reality and professional discipline would be injected into public sector auditing. In fact, the legislation goes back to the concept of gotcha auditing. That sad and bad outcome is driven by partisan, short-term politics rather than the objectives I had hoped all honourable members aspire to — the improvement of public sector auditing standards for the long term.

The Audit (Amendment) Bill refers to striking an appropriate balance between sometimes conflicting principles or concepts of independence and accountability. Unfortunately, although the government pays lip service to that balance, which I acknowledge is important, it is clear that the government has a novel view of that balance. I will give some examples. In the quest to demonstrate its commitment to financial responsibility the second-reading speech states in part:

The government has made a commitment that the Auditor-General will report on the day of presentation of the state budget whether the government has met its commitment to maintain an operating surplus.

Hon. T. C. Theophanous — What is wrong with that?

Hon. R. M. HALLAM — I will come to that. The second-reading speech then refers to legislation that presumably will be introduced in the autumn session requiring the Auditor-General to report on whether the government has met its commitments to the maintenance of an operating surplus on the day of presentation of the budget. I would love to know what the new Auditor-General thinks of that responsibility. The government is asking the Auditor-General to attest to the accuracy of the budget in advance. What can he say? He could say, 'I think the figures add up'. The government could ask a grade four or five state school student the same thing. He or she could add up the

columns in the budget and conclude whether they are accurate. It proves nothing. It requires the Auditor-General to get involved in the budget process for the first time. This is the first occurrence to my knowledge where the Auditor-General is being invited to talk about the outcome of the budget in advance. The role of the Auditor-General is to examine the performance of an enterprise and whether its financial reports are a fair and accurate position of the conduct of that enterprise. This is a dramatically different concept. The Auditor-General is being asked to sign off the budget. I expect he will be nervous about that. He will face arguments going to authenticity and credibility. He is being asked to sign something that he cannot attest to, because he is relying on the same projections put together by the budget team. He is not in a position to know whether they are realistic. When one is talking about nobbling the Auditor-General, perhaps this is a step in the wrong direction.

Hon. T. C. Theophanous — He would not sign off.

Hon. R. M. HALLAM — The honourable member has missed the point, which is that the budget is in advance of the operation of the enterprise. Why would the Auditor-General want to put his name on the budget? Why would he want to put a question mark over his impartiality, credibility or authenticity?

I make the point that I am bewildered by what that does to the traditional role of the Auditor-General and I look forward to the debate that will take place when the promised legislation is introduced. Although the bill in so far as it deals with the independence of the Auditor-General is a cynical, political exercise and is a backward step in the promotion of public sector auditing standards, the opposition recognises the reality of the election outcome — that the coalition parties did not win the election.

Hon. R. F. Smith — We know they did not win it, either.

Hon. R. M. HALLAM — I left that unsaid, Mr Smith. The Labor Party campaigned strongly on the repeal of the 1997 amending bill. It is ironic that the repeal of the amendments do not do what the Labor government claims they do — that is, enhance the independence of the Auditor-General. They certainly do not change the powers of the Auditor-General, because they were not removed.

The role of the Auditor-General was a significant part of the campaign during the election and on that basis, and on that basis alone, the opposition will not oppose the bill.

Hon. G. W. JENNINGS (Melbourne) — This is an odd debate. Opposition members who are capable of clear thinking and who can think through public policy have not demonstrated they are capable of clearly working through the issues before the house today.

Honourable members opposite should consider the political ramifications of the subject of the debate. The politics of the debate led to hysterical scenes when the 1997 legislation was debated in the other place. Many people attended church halls and went to meetings arranged at all levels of the Victorian community to passionately debate the issue. Honourable members opposite have failed to recognise the passion and involvement of a large part of the Victorian community when debating this issue.

In responding to the proposition put forward by the government there is confusion about the relative merits of the intent of the bill and I would like to talk through those issues intellectually.

Hon. N. B. Lucas — You are saying you are an intellectual!

Hon. G. W. JENNINGS — I would not be as presumptuous to say that. I am speaking in terms of the thinking and the rationale that underpin the legislation. Honourable members need to understand the fundamental building blocks of the legislation. To that extent I am attempting to explain the rigorous framework that underpins the bill.

The bill does a number of things. It satisfies the Labor Party's 1999 election and earlier commitments made to the Victorian community, particularly at the time of the Mitcham by-election. The independence of the Auditor-General featured prominently in the Mitcham by-election, which was effectively the turning of the tide in the political standing of the outgoing Kennett government.

The bill addresses those election commitments by protecting the role of the Auditor-General and enshrining it in the constitution, restoring the powers lost in 1997 and abolishing Audit Victoria.

Secondly, the bill tidies up a number of matters relating to the administration of the role of the Auditor-General that were not addressed by the former Minister and the former Premier. It develops a clearer line of accountability to and relationship with the Public Accounts and Estimates Committee. It provides clearly for the Auditor-General to delegate various levels of responsibility but not the signing off of reports. It also provides for arbitration of certain matters, particularly

fees. Those matters could have been tidied up under the outgoing Kennett regime.

The last suite of measures attacked by the opposition in both the Legislative Assembly and this house may be described as falling within the concept of the incoming Auditor-General preferring to have a legislative framework that enables him to undertake his tasks. In that context issues arise, such as the standards that are to be applied. The government has an interest in providing operational flexibility and discretion for the Auditor-General, so ensuring high standards rather than the lowest common denominator applying and enabling the Auditor-General to develop and implement those standards as appropriate to meeting his obligations to the Parliament.

During the course of the debate it has been obvious that those opposite are confused and have a closed mind-set. Opposition members clearly delineate cannot between the aspects of the bill that deal with independence and those that deal with accountability. I am concerned that problems in those areas were accentuated by the political difficulties the Kennett government found itself facing from 1997, if not earlier, until the 1999 election.

The Kennett government could not satisfy the Victorian community on its changes to the powers of the Auditor-General. The Victorian electorate demonstrated its severe reservations about the capacity of the Auditor-General to operate independently and to make an independent assessment of public sector activity and the activities of the executive regarding public expenditure while at the same time allowing for the establishment of a strong, stable and predictable relationship between the Auditor-General and the Parliament. These are distinct streams in the intellectual rigour that must be applied to considering what underpins the bill.

On many occasions opposition members made a clear crossover. They were clearly confused about how to delineate between the issues of independence and the processes needed to ensure accountability to the Parliament and ultimately to the people of Victoria.

The mechanism that enhances the relationship between the Auditor-General and the parliamentary committee, which is understood in this context to be the Public Accounts and Estimates Committee, entails the Auditor-General developing an annual business plan that is then referred to the committee. The Auditor-General will not be required to 'take into account' the contribution of the committee after its considerations but 'have regard to' it. The opposition

has a significant interest in ensuring the bill is amended to reflect that important distinction.

The other fundamental framework that has unpinned the development of the bill is the delineation of responsibilities of the Auditor-General in undertaking his or her functions under the Financial Management Act and the Audit Act. The bill clearly delineates those responsibilities and obligations for the first time.

Now that the framework for the preparation of the various key elements of the bill has been made clear, I highlight the effect of the bill. The bill transfers sections of the Audit Act providing for the appointment, tenure and independence of the Auditor-General to a new provision of the Constitution Act 1975. That clear undertaking of the Bracks Labor Party during the 1999 election campaign has been satisfied within seven to eight weeks of the Bracks Labor government assuming office. The bill provides that the Auditor-General will be appointed by the Governor in Council on the recommendation of the Public Accounts and Estimates Committee, therefore reinforcing the relationship between the Auditor-General and the committee and the appropriateness of referring matters to the committee prior to the appointment being made.

In meeting his or her responsibilities and obligations to the Parliament, the Auditor-General will prepare an annual business plan that will be presented to the committee, subject to discussion and consideration of the committee. The Auditor-General will be required to have regard to views expressed by the committee prior to the implementation of that plan and to reporting back to the committee on the outcomes of that plan.

Access to and use of information that the Auditor-General may gather in the course of his or her investigations will be subject to new provisions. They will allow material to be circulated if, in the opinion of the Auditor-General, it is in the public interest to do so. Matters relating to the Freedom of Information Act and the appropriate delegation and assignment of officers within the Auditor-General's office will be clearly delineated to ensure the appropriate transfer of information and that public interest tests have been satisfied.

The Auditor-General will be subject to minimum standards similar to those applying to departmental heads under various acts of the Parliament, including the Public Sector Management and Employment Act, the Financial Management Act and the Freedom of Information Act.

At the same time the manner of enshrining the independence of the Auditor-General in the constitution gives the office standing similar to that of a Supreme Court judge. The parliamentary committee will have the discretion to vary the obligations of the Auditor-General under the various acts to which he is obliged to adhere or exempt him or her from those obligations. An important provision in the bill abolishes Audit Victoria, repeals sections 2A and 2B of the Audit Act and ensures that protective mechanisms are in place during the transition.

The DEPUTY PRESIDENT — Order! There is too much audible conversation in the chamber which makes it difficult for Hansard. If honourable members wish to confer I ask that they keep their voices low.

Hon. G. W. JENNINGS — I appreciate the respect, consideration and the scrutiny of the opposition during this debate! I am happy to be accountable on all occasions. Thank you, Mr Deputy President, for ensuring that the debate has some recognition from the opposition. On a number of occasions they have shown that they are committed and prepared to adhere to the views of the Victorian electorate by responding positively to the bill — because they have seen the writing on the wall. Sometimes their body language may not reflect that. I am pleased to be able to say that all government members will be accountable to the house at all times.

The transitional arrangements protect the conditions of Audit Victoria staff, ensure continuity of employment and benefits, protect the transfer of rights, property and assets of Audit Victoria to the state, provide for the transfer of debts, liabilities and obligations of Audit Victoria to the state, grant disallowance of any compensation to directors of the board of Audit Victoria, and allow the Auditor-General to complete any contracts or obligations that have previously been entered into by Audit Victoria.

That comprehensive suite of measures deals with the effective transition of business arrangements of Audit Victoria to the new Victorian Auditor-General's Office. Its new status and role will result in its being more accountable and directly responsible to the Parliament.

Proposed new section 7G addresses a vexed issue on which the outgoing government was unable to satisfy people or get the mix right — it delineates the proper level of delegation and the recognition of the delegation of power.

Hon. Bill Forwood — Of what?

Hon. G. W. JENNINGS — The right to do a number of things. The Auditor-General will delegate his powers to conclude financial audits of authorities. He will not be able to delegate responsibility for concluding reports, performance audits or annual financial statements. That is the answer to the honourable member's question.

The bill provides dispute resolution processes, including arbitration on fees that may be charged to auditees and a mechanism that the Kennett government did not address. The incoming government maintains the matter could have been addressed in a timely fashion and has taken responsibility for tidying it up.

During the debate several statements have been made to the effect that the opposition recognises that it must accept the verdict of the people, that maybe somewhere in the political perspective of the Victorian community the Kennett government got it wrong, in that it did not satisfy the expectations of the community.

A number of key incidences in and around 1997 demonstrated that the political tide had turned and that the results of the pressure and scrutiny the Kennett government was under were that the electorate was not satisfied. I refer to the 1997 Mitcham by-election, the 1999 state election and supplementary election in Frankston East. They reinforced the focus on the Auditor-General, an issue that the honourable member for Frankston East had been passionately committed to — —

Hon. K. M. Smith — Who in Frankston East?

Hon. G. W. JENNINGS — Peter McLellan.

Hon. K. M. Smith — A good man!

Hon. G. W. JENNINGS — The issue was given prominence in the Frankston East supplementary election. The public presentation and concerns of the then Kennett government and the Bracks opposition provided a clear contrast of their positions on the significant issue we are debating today.

A number of issues were raised in 1997 when the Auditor-General went into waters where he was not welcomed by the Kennett government.

Hon. K. M. Smith — Absolute rubbish!

Hon. R. M. Hallam — That is absolute rubbish! Why do you keep perpetuating rubbish?

Hon. G. W. JENNINGS — The Auditor-General had a view on Intergraph contracts and on the cost of licences that were issued.

Hon. R. A. Best — Selective memory loss!

Hon. G. W. JENNINGS — From that time it was clear to me from my position in the public domain that the relationship between the Auditor-General and the government was strained.

Hon. R. M. Hallam — Contributed to mainly by people outside.

Hon. G. W. JENNINGS — That may be the case, but the Auditor-General went on the public record on a number of occasions during 1997, indicating his displeasure with what was happening to him.

Hon. R. M. Hallam — And then complained about others making it political. That was ironic!

Hon. G. W. JENNINGS — I refer to some of the contributions from the Auditor-General in 1997 when the Audit Act was last amended. He entered the public domain on 30 October 1997, when he issued a media statement suggesting that what the government would achieve would be a world-class first, but unfortunately the Auditor-General's office will be without auditors.

When the bill was before the house the Auditor-General sent an open letter to all members of Parliament in which he stated:

...operational discretion is an integral part of and cannot be separated from, an Auditor-General's independence.

The letter continued:

Under professional ethics, it is fundamental to audit independence that an auditor have freedom to actually conduct audits.

As has been indicated, to the displeasure of the former government the Auditor-General felt compelled, for whatever reason, to enter debate in the public domain to assert his independence. There is no doubt that from 1997 onwards the public perception of the relationship between the government and the Auditor-General was that it was strained if not sorely stretched.

On a number of occasions the public consideration of those matters threw into sharp focus the political problem that the Kennett government faced of ensuring the independence of the Auditor-General in the eyes of the public and maintaining public confidence in that independence.

On 26 April 1997 the *Age* editorial commented on the Kennett Audit Act as follows:

Under these proposals the Auditor-General's formal independence from the processes of executive government would be emphasised but in a way that effectively removes any real content from his or her role in the scrutiny of those processes. What the Auditor-General would be seen to do would not be what the Auditor-General does. A watchdog independent in name only.

That was obviously a major political problem for the Kennett government from 1997 until it was removed from office in 1999. The former government now takes credit in this debate for introducing accrual accounting, and if accrual accounting it was, we would be grateful for it. The great problem for the people of Victoria was that it was obscure accounting because of the lack of consistency in the presentation of public accounts, particularly as they related to the budget papers from one year to the next, which guaranteed that people did not feel they could get to the bottom of the way money was spent in the public sector.

Hon. Bill Forwood — There is a lot of wincing going on around you.

Hon. G. W. JENNINGS — Absolutely, and unfortunately it is all from the opposition.

Hon. Bill Forwood — There has to be.

Hon. G. W. JENNINGS — Almost has to be, by definition.

Hon. N. B. Lucas — Where did you study accounting?

Hon. Bill Forwood — He is a social worker.

Hon. G. W. JENNINGS — The key exercise in this process is a political one. It is necessary to be very clear about the politics of the situation to which I am referring.

Hon. Bill Forwood — Don't talk about accrual accounting because we all agree accrual accounting is a good thing for Victoria.

Hon. G. W. JENNINGS — Absolutely! The government does not approve of obscure accounting, but it gives accrual accounting a big tick. The opposition drew attention to the fact that clause 13 contains an undertaking to repeal the Audit Act.

Hon. Bill Forwood — Politics!

Hon. G. W. JENNINGS — Absolutely, but the interesting thing about it was that it was a commitment

that the then government gave to the Independents charter. It is interesting that in the course of this debate the Honourable Bill Forwood said it was obviously a redundant commitment. The tragedy is that once one is in opposition it is a redundant commitment.

Hon. Bill Forwood — It is politics!

Hon. G. W. JENNINGS — That is what struck me as interesting. You are on record as having said today that it is redundant. I think it is contemporary, and we should all embrace it in that spirit. It is just for the sake of tidiness.

Hon. Bill Forwood — What? ‘We are repealing the Audit Act for tidiness’, states cabinet secretary!

Hon. G. W. JENNINGS — I am very happy for my contribution to be edited appropriately to remove any interjections that take us away from the track because I want to draw to mind the way in which the bill is being built.

Hon. Bill Forwood — Don’t do that. The interjections are the best bits!

Hon. G. W. JENNINGS — It should be understood that elements within the bill have been prepared in consultation with the incoming Auditor-General. Some of those items may seem a bit obscure to the opposition because its members may not have had the opportunity to explore with the incoming auditor the way he would prefer to function and the way he thinks his office can function effectively and make a contribution to Parliament and the people of Victoria.

Some of the provisions in the legislation that relate to those issues have been developed in consultation with the incoming Auditor-General, and some relate specifically to the standards that may apply. The incoming auditor believed that the absolute prescription to Australian accounting standards may not necessarily be the most effective, efficient or highest standard that he may seek to aspire to. Therefore the bill allowed for different standards to apply, but not at the expense of the auditor being accountable to the Parliament.

Clause 17 gives the opportunity for the auditor to do thematic audits and assessments of issues across portfolios that do not necessarily have to go within the discrete limits of a portfolio responsibility. That would enable, for instance, an assessment of credit cards to be made across the whole of the public sector or different agencies, and would provide the powers for the auditor to report on those matters.

Clause 18 goes to the heart of trying to delineate the obligations and responsibilities of the Auditor-General under the Financial Management Act and the Audit Act. For the first time it delineates those responsibilities and obligations in a very clear way. It is consistent with the approach that was taken in the act which was, on all occasions where there was an opportunity to do so, to delineate the various mechanisms to assert independence — and at the same time to bolster lines of accountability. They are fundamental to the bill, and the government has accepted some of the amendments that have been made to the bill, so I am not recanting on those amendments going through.

However, the logic that has applied to the nature of some of the amendments applied to previous constructions of the act. They were not necessarily contemporary to the structure of the bill, but the government has accepted them in the spirit of achieving its agreed passage. It has enthusiastically embraced any amendments that may have the appearance of improving accountability to the Parliament of Victoria.

To conclude, I will return to where I began. This issue has generated passion; it has generated a groundswell of community concern that in my opinion became one of the contributing factors to the popular opinion that led to a change of government. The consideration of the bill is somewhat out of kilter with the passion, enthusiasm and importance of this issue in determining who governs Victoria from 1999 into the next term.

The lack of clarity in the contribution of the Deputy Leader of the Opposition to this debate and the attempts to rewrite history will be unsuccessful because the political result has occurred in this in place. The bill will pass through this house. It will do something significant to restore the independence of the Auditor-General and to restore public confidence in the processes of government and the operation of Parliament in Victoria. The independence of the Victorian Auditor-General’s Office will be clearly seen as a symbolic restoration of the power of the people in Victoria.

Hon. N. B. LUCAS (Eumemmerring) — I am pleased to contribute to debate on the Audit (Amendment) Bill. Earlier the Parliamentary Secretary of the Cabinet, Mr Jennings, said, ‘I will give the house an intellectual dissertation on what is in the bill’. I immediately took note because I did not think Mr Jennings was an intellect. He said he would go through the bill and explain it intellectually. I listened carefully at that point, but it turned out to be basically a political dissertation. Anybody who reads my contribution to the debate in *Hansard* in the shade of a

tree this year or next year should turn back a page or two, read what Mr Jennings said at the commencement of his speech and then what followed. The way he presented the overview of the bill was a disgrace.

The opposition believes in an effective and appropriately resourced Auditor-General who is responsible to Parliament. The opposition's position on the bill, as has been enunciated by the two previous opposition speakers, is consistent with what was put in the response by the now opposition to the Independents charter.

In 1997 the two main arguments that came forward were, firstly, the manner in which the work of auditing was to be undertaken in Victoria; and secondly, the independence of the Auditor-General. Much argument occurred then as to whether all the work in the Auditor-General's office should be undertaken by his staff or be put to contestability. The then government discovered that 75 per cent of the work was being let to contractors, anyway. Nothing has changed from the 1997 situation on the amount of auditing of government departments that is undertaken by contractors. The Auditor-General plays a significant role in the scrutiny of the financial affairs of the state and in examining the effectiveness of government administration. That is the non-controversial role of the Auditor-General.

Over the years the Auditor-General, through either his staff or contractors, has come up with all sorts of interesting or controversial but mostly mundane reports. The controversial reports are the ones we read about in the local press and about which we argue in this and the other place.

The Auditor-General audited the financial records of Victoria in 1991–92; his audit showed \$32 billion of debt and the current account in deficit. The Auditor-General audited the state at the end of 1998–99; that audit showed state debt had decreased to about \$6 billion and the current account was in surplus. The Auditor-General has a role to point out such matters to Parliament and to undertake performance audits which go across a wide spectrum of government activity, following consultation with the Public Accounts and Estimates Committee.

I am a former member of that committee. In the past three and a half years the committee had many discussions with the former Auditor-General. He was a man who called a spade a spade; he was a man with whom the committee had frank and open discussions. He sought advice and received comment on what members of the committee thought about particular issues. We had a good relationship with him.

The former Auditor-General pretended not to be political and not to like publicity, but as the September election approached the amount of publicity surrounding him and the way he coincidentally ran into news cameras on the front steps of Parliament House made me wonder. He has gone for the moment; maybe he will return in some other role. Now Parliament must deal with the bill and will fulfil what the opposition said in response to the Independents charter.

I mention the perception in the community that was abroad in 1997 and, following that, my concern that the community was not as well aware of the issues in the legislation as it could have been. That was a result of the work of the then opposition, the Labor Party, and its program of misinformation across Victoria. It used a lot of words that engendered in the minds of people the idea that something worse than they could ever fear was happening with auditing in Victoria.

Not many members of the community realised that 75 per cent of the audit work was already being undertaken by contractors, nor did many members of the community realise it was still up to the Auditor-General to work out which activities were to be pursued. They did not necessarily understand that the contestability put into the audit process was designed so that its effect on the auditing process in Victoria would result in auditors sharpening their pencils and examining the costs they would charge for that work.

In any environment of contestability the costs are driven down. If the Auditor-General did his work in scoping audits appropriately, as I am sure he would have done and has done in recent times, the audit community could have responded to the contract proposals and arrived at some good results; and importantly, the results that reflected the contestability in the prices charged.

The other aspect about which the community was either misled or diverted from the facts was that at the end of the day the Auditor-General had to sign on the dotted line for a whole range of issues. The misinformation, sadly, went across Victoria and took root. I accept that the former government could have sold it better, but the former opposition used a cunning and improper way of arguing its case.

It was not argued, as Mr Jennings would have liked, on an intellectual basis; it was argued with misinformation and key words that created the wrong impression in people's minds.

When the matter was dealt with in the lower house some 46 amendments were put forward by the Leader

of the Opposition. It is good that in the spirit of bipartisanship the other house accepted many of the amendments. It is a credit to the opposition that they were put forward and it is a credit to the government that many of them were accepted. If we are about good government and getting good results, that is a good result. Legislative Council members are now dealing with a bill that incorporates the amendments carried in the other place.

The fact that the former legislation must be repealed has been dealt with. It is a bit of window-dressing — ‘Yes, righto, let’s move it out of the Audit Act’. It does not really prove anything to anybody. On the assumption that the bill will be passed it is not really necessary to repeal the former amending act.

We should all be aware that retained in the legislation of the state of Victoria, whether it be in the Constitution Act or the Audit Act, are a number of alterations the former government proposed and had accepted. They are, firstly, that the Auditor-General would become an officer of the Parliament; secondly, that the Auditor-General’s budget would come from the Parliament — honourable members would be aware that previously the Auditor-General went through the Department of Premier and Cabinet; and thirdly, the power remains, as it has for years and years, for the Auditor-General to engage outside auditors.

Under the legislation there is nothing to prevent the Auditor-General from putting out 100 per cent of his or her work to the private sector. Who knows whether that will occur in the future, but it is in the bill and I assume if the bill is passed the Auditor-General will continue to put out work for which his office is responsible.

I had intended to mention a number of amendments, but given the time I will finish on that point and allow the next speaker to contribute. I am happy to have been in the chamber to speak on the bill. The opposition does not oppose it.

Hon. T. C. THEOPHANOUS (Jika Jika) — I speak with great pleasure on the legislation because it sets the record straight and restores public accountability in Victoria. It has been amusing to listen to contributions from opposition members, and I almost feel sorry for them. They have come into the chamber but they just cannot get out the words, ‘We were wrong’.

It is just as well that some honourable members remember what took place and how people were bludgeoned by the former Premier into the process of nobbling the Auditor-General. It was one of the saddest

incidents that took place under the previous government, and the government was punished at the polls by the people of Victoria. Victorians understood very clearly what was going on.

Mr Hallam talked about how the intentions were right, how the former government was really trying to increase accountability but it did not sell its message properly. That was Mr Hallam’s central argument. However, the truth is that if one examines this sorry episode one sees that the attempts to nobble the Auditor-General have a history that goes back to 1993 when the then head of the Premier’s department, Ken Baxter, started the process of saying that the Auditor-General was dangerous from the previous government’s point of view and that he had to be dealt with.

An article in the *Age* of 10 September 1993 quotes the former secretary to the Department of Premier and Cabinet:

Ken Baxter put the Auditor-General on notice in March while speaking at an Institute of Chartered Accountants lunch at the Novotel.

When the secretary of the Department of Premier and Cabinet alluded to the ‘large bureaucratic organisation’ of the Auditor-General, the message was unambiguous.

His implication that the Auditor-General was an uncontrolled arm of the government is critical.

Back in 1993 the Auditor-General was put on notice by the head of the Department of Premier and Cabinet.

Under the cloak of reviewing the audit legislation under national competition policy the former government made a range of decisions ultimately designed to remove the capacity of the Auditor-General to carry out his functions. Only in Victoria was the audit legislation subjected to the principles of competition policy; such action was not taken in any other state. Even the principles of competition in the Hilmer proposals specifically excluded legislation similar in nature to the audit legislation.

The former government subjected a number of other pieces of legislation to the Hilmer competition policy criteria. By way of example, when Mr Hallam subjected the Workcover legislation to the principles of competition policy he was given a report that recommended the privatisation of Workcover.

What did Mr Hallam do? He rejected the recommendation of that report to apply competition policies to Workcover. Even if one took the more gracious position of saying that there was a requirement under competition policy to examine all legislation,

which included the audit legislation, a government was certainly not required to accept a recommendation from a committee such as the one established by the previous government.

There was a concerted attempt to reduce the influence and the capacity of the Auditor-General to carry out his functions. That was pointed out by a wide range of groups. It was debated at length in the house and the changes were opposed not only by the Auditor-General and the then opposition, but also by people such as a former chairman of the Public Accounts and Estimates Committee, Graeme Weideman.

Hon. K. M. Smith — Who? Never heard of him!

Hon. T. C. THEOPHANOUS — Graeme Weideman, you know who he was. The changes were also opposed by Roger Pescott, a former member for Mitcham in another place, and by Peter McLellan, a former member for Frankston East in another place. A number of people from the then government benches stood up and were counted on the issue. Unfortunately, not enough. The result may have been different if more members of the then government had had the courage to stand up to an arrogant Premier who was prepared to go to any length to remove anyone who was at all critical of his administration. Members of the previous government did not have that courage. It is not good enough to come into the house now and try to rewrite history, when that is exactly what occurred. It was both an overt and covert attempt to fundamentally reduce the powers of the Attorney-General to carry out his functions.

It is amusing to me because I was involved in the debates in the house and saw the people who criticised the changes. It was not just the former government members that I have referred to, but a number of independent bodies criticised those changes, including the Institute of Chartered Accountants. Mr Hallam was a member of the Institute of Chartered Accountants but he was prepared to say — —

Hon. R. M. Hallam — That is not true.

Hon. T. C. THEOPHANOUS — I thought you were, Mr Hallam. You are, I understand, an accountant by profession.

Hon. R. M. Hallam — I am a member of the society, not the institute.

Hon. T. C. THEOPHANOUS — Independent bodies criticised the changes. Church groups also expressed concerns. What was the reaction of the then Premier to the concerns raised by the churches? The

former Premier told them to stay out of political matters and get back to religious matters.

Hon. K. M. Smith — About time, too.

Hon. T. C. THEOPHANOUS — It just shows that the Honourable Ken Smith has not learnt anything from what has taken place over the past few months.

Listening to the contributions from the opposition members it is difficult to believe they in any way supported the legislation. Opposition members were at pains to point out that they did not mean to go down this track, that there was nothing wrong with what they did, but they did not oppose the legislation. It is the height of hypocrisy.

I feel sorry for the Honourable Bill Forwood. I know Mr Forwood often describes himself as my friend and I would describe myself as his friend. I feel sorry for him because I know that Mr Forwood fought hard within his own party to try to water down the initial proposed changes to the audit legislation. One of the things he was successful in bringing about was the shift so that the Auditor-General became an officer of the Parliament. Labor welcomed that then and still welcomes it. The government is so committed to it that it is putting it into the constitution.

The government does not say that was wrong. If the previous government had introduced the bill to make the Auditor-General an officer of the Parliament, Labor would have welcomed that legislation with open arms. However, the legislation did much more than simply make the Auditor-General an officer of the Parliament. It removed resources from the Auditor-General. It did two key things which were, on any grounds, designed to reduce the effectiveness of the Auditor-General.

Firstly, the changes removed the Auditor-General's power to directly conduct performance audits. The removal of that power compromised the Auditor-General's independence because an independent officer who is unable to do a performance audit is independent only in name and cannot be seen as independent in any other way. He does not have the capacity to do the things that an independent officer would be able to do.

Secondly, resources were taken away from direct control of the Auditor-General by the establishment of Audit Victoria. That action was designed to remove the capacity of the Auditor-General to directly control the resources that might go into a performance audit, and also to directly control the conduct of that performance audit. That was a substantial weakening of the powers of the Auditor-General.

Mr Hallam may continue to go around and say it was simply that they did not sell it well enough to the Victorian community. However, Mr Hallam, it shows that you cannot pull the wool over the eyes of Victorians in that way. They are a bit smarter than that; they understand a bit more than that; and that is what they showed at the election. It would do more good to get up and say, 'We made a mistake. There were forces within our party that were keen to remove powers from the Auditor-General. That happened, we now support you in rectifying that, and we want to move on'.

That is probably the position that your current leader is adopting. He does not take the view that everything the former government did was correct. Instead, he is keen to say that the opposition supports giving back to the Auditor-General the powers and resources that were taken away from him.

Mr Hallam referred to the Auditor-General's reporting on the accuracy of the budget and verifying whether there is an operating surplus. I should have thought the opposition would welcome that provision because it adds another layer of accountability and constraint. Of course the Auditor-General will not sign off on the budget unless he or she is satisfied that the budget figures accurately reflect the indicated surplus. The Auditor-General will not add up the figures to see whether they are correct — that is not his task.

Hon. R. M. Hallam — Will he do all the revenue projections and cost implications?

Hon. T. C. THEOPHANOUS — He will have to satisfy himself about the revenue projections.

Hon. R. M. Hallam — I look forward to the first qualification.

Hon. T. C. THEOPHANOUS — He may well qualify some of the projections, which should further assist Parliament. I thought Mr Hallam would welcome that because he would surely see it as a tool the opposition could use at a later stage if the operating surplus were not delivered. It may not be delivered because the figures given to the Auditor-General may not have been accurate or may have turned out to be wrong. In either case there would be a reference point against which the opposition could hold the government to account.

In recent years the former government presented budgets that were totally inaccurate. The projected surpluses were conservative and understated; they were part of a political decision to build up the bank for the purpose of future elections. Those projections were inaccurate and had the Auditor-General been able to

examine the figures another layer of authenticity and information would have been added. I am sure Mr Hallam will be the first person to look at the figures, to examine the qualification and use it in this place to bring the government to account.

Hon. R. M. Hallam — That is true.

Hon. T. C. THEOPHANOUS — I am glad Mr Hallam interjected, 'That is true', because it negates his previous argument. I put on the record some of the things that took place under the former government's administration. It was a sorry episode. It is just as well some honourable members on this side were in the house and saw what occurred. Mr Forwood, the then chairman of the Public Accounts and Estimates Committee, together with the current Premier and me, took a principled decision to attend the Sydney meeting of the Australasian public accounts committees. At that meeting he supported, both by a letter and during his attendance, the notion of maintaining the independence of the Auditor-General. Those issues have been put on the record on a number of occasions. Mr Forward was in a position of having to sell what was an outrageous attack on the independence of the Auditor-General.

I commend Mr Forward for having forced through some positive provisions, such as making the Auditor-General an officer of the Parliament. I know the statement he made at that time. I know that in his letter he said that the Auditor-General had a right to conduct his own performance audits and to be properly resourced. Those issues have put Mr Forward in a difficult position.

The legislation fulfils some of the government's commitments about restoring the independence of the Auditor-General. They are part of the Independents charter that was agreed to by the government and the opposition. In agreeing to this aspect of the charter, some members of the opposition have been prepared to admit they got it wrong and that it would have been better not to have proceeded with the 1997 legislation. Unfortunately I have not heard one member of the opposition in this place say those words — that they supported the Independents charter not because they were trying to hang on to power or because they wanted the Independents to vote for the coalition to be the government of the day, but because they believed the change was necessary. If Mr Hallam does not believe the changes are necessary he should not have accepted that aspect of the Independents charter.

The measure of a person in this place is a person's preparedness to stand by his or her previously enunciated principles.

Hon. R. M. Hallam — Are you going to lecture me on integrity!

Hon. T. C. THEOPHANOUS — I lecture not only the Honourable Roger Hallam but also his party. The people of Victoria did not believe the honourable member when he said that he accepted that aspect of the charter because he genuinely understood that what had been done was a mistake and needed to be changed. Instead the people of Victoria saw the coalition's response to the Independents charter for what it was — a cynical exercise in trying to get three votes to hang on to political power.

Debate today has not enhanced by one iota the perception that those opposite genuinely believe. I have not heard a single member of the opposition say he or she supports the bill. Opposition members have been prepared to say begrudgingly that they do not oppose the measure, but the real test of whether they believe the proposals to be appropriate and whether their response to the Independents charter was principled rather than based on political expediency comes down to whether those members are prepared to say a few small words — that is, 'We support the legislation'. That is what opposition members should do.

Hon. R. M. Hallam — That is exactly what the lead speaker did!

Hon. R. A. Best — You are being selective again.

Hon. T. C. THEOPHANOUS — Opposition members should say those words.

Hon. N. B. Lucas — On a point of order, Mr Acting Speaker, the current speaker has not been in the house for the entirety of the debate. He has summarised the position of four speakers after having heard only two of them.

The ACTING PRESIDENT
(**Hon. G. B. Ashman**) — Order! There is no point of order. It is a debating point.

Hon. R. M. Hallam — You described Bill Forwood as a friend and then you got it wrong.

Hon. T. C. THEOPHANOUS — I did not hear Mr Forwood's entire speech. I am happy for the honourable member to correct the record if Mr Forwood did say that. I am happy to accept that Mr Forwood had the courage to say he supported the legislation and I commend the opposition for having done that.

It is unfortunate that the minister responsible for the audit legislation in a previous government was not prepared to utter similar words or propose similar legislation. Mr Lucas, who was a member of the Public Accounts and Estimates Committee, was also not prepared to make that statement. The point of order taken by Mr Lucas simply illustrates that at least one member of the opposition is prepared to make that statement. However, whether he did so on behalf of the opposition must be questioned, given that the subsequent speaker was not prepared to make that statement. I commend Mr Forwood for having said that he supports the legislation, but I also point out that it is unfortunate that Mr Forwood chaired the Public Accounts and Estimates Committee — —

Hon. W. I. Smith — Which you were on.

Hon. T. C. THEOPHANOUS — Which I was on. He chaired the committee that is supposed to support the Auditor-General but he failed the litmus test of standing up to the former Premier and saying, 'Enough is enough. We are not prepared to go down this track'. He may be commended for what he did today and I may have forgotten some of the concessions of the former Premier, but ultimately the damage was done. The Auditor-General expressed his disappointment at what happened. The Victorian Auditor-General's Office was pulled apart and Audit Victoria was created. The Auditor-General became somebody who simply allocated work to various agencies.

It is important to put those things on the record and to identify exactly what took place. The government has no qualms about having a strong, independent Auditor-General who examines the accounts of the state. It welcomes that role as an important part of the accountability in the Westminster system of government.

I take exception to the Honourable Roger Hallam making a backhanded attack on the former Auditor-General, Ches Baragwanath. His contribution on that point was factually incorrect. He mentioned the \$35 million interest swap transaction as being evidence of the Auditor-General — —

Hon. R. M. Hallam — Of your economic chicanery.

Hon. T. C. THEOPHANOUS — He mentioned that in the context of an argument that the Auditor-General had not identified certain things. I remind the honourable member that the Auditor-General identified the \$35 million swap transaction and referred it to the then Economic and

Budget Review Committee, of which I was then the chairman. The committee unanimously recommended that the government of the day be criticised.

The tradition of the Public Accounts and Estimates Committee and its predecessors is to ensure accountability. That tradition was carried on by Graeme Weideman, the then honourable member for Frankston, who as chairman of the Public Accounts and Estimates Committee was prepared to criticise the former government. He paid the price for that!

I respect the Honourable Bill Forwood for having tried against the odds to make some changes to the audit legislation. I commend him for having been able to have included in the report commissioned by the government at least the original proposals and getting some concessions at the time.

The Audit (Amendment) Bill will restore to the Auditor-General his powers to conduct independent audits in general and performance audits in particular. He will receive the resources necessary to regain control of Audit Victoria. Victoria will again have a strong, independent watchdog. I congratulate the government. All honourable members should be proud of the legislation.

Hon. R. A. BEST (North Western) — It gives me pleasure to support the bill, along with my colleague Mr Bill Forwood, as was recommended by the shadow cabinet. I put that on the record because unfortunately Mr Theophanous, although he said throughout his contribution that he did not want to rewrite history, has misquoted the facts and distorted what people have said. His recollection is based on convenience rather than fact.

Over the past three and a half years I have enjoyed working as the National Party representative on the Public Accounts and Estimates Committee. It provided the opportunity to gain an understanding of the processes of government — including an understanding and appreciation of the budgetary and estimates process — and the formulation of the receipts and accounts that are audited. Before I participated in the process, I did not understand the machinations of government and how ministers and departments were responsible to the Auditor-General in their use of taxpayers money from the public purse.

During that time I enjoyed the scrutiny of the work of and interaction with different ministers when they appeared before the committee and the discussion of issues with the Auditor-General. With my colleagues Mr Hallam and Mr Lucas I support the role of the

Auditor-General. Unquestionably he is the umpire of the Parliament and has the opportunity to scrutinise the government of the day, which is an important role carried out on behalf of every Victorian. Members on both sides of politics would agree that the rules we provide to that umpire are important.

That notion is one of the matters that led me to have respect for the position and role of the Auditor-General and the functions he performs on behalf of the Victorian community. When he appeared before the Public Accounts and Estimates Committee I enjoyed the opportunity to discuss the performance audits and the prioritising of the audits that he would undertake.

It would be wrong if I did not congratulate Mr Forwood in his role as chairman of that committee. Not only did members of that committee play a role in scrutinising the budget and estimates, but the subcommittees undertook investigations on behalf of the committee. Mr Forwood gave each member of the committee an opportunity to participate in his or her areas of interest.

Mr Theophanous, Mr Lucas and I were members of the subcommittee that examined environmental accounting and reporting, a reference given to the committee by former Treasurer, Tony Sheehan. He considered it to be an issue in the accounting profession and provided the opportunity for the committee to investigate the impact of environmental accounting and reporting. I am delighted that this week a ministerial response has been given to that committee's draft report.

I was concerned at Mr Theophanous's attempt at rewriting history. Reforms to the Audit Act in 1997 were based on a report prepared by Professor Rodney Maddock, chairman of the Audit Act Review Committee. That report put on the record in 1997 that what is important is not where one starts but where one finishes. His recommendations were not embraced in the then proposed legislation. On the morning of the debate I telephoned the then Auditor-General, Ches Baragwanath, and informed him that he had won seven out of eight points and that I believed it was a fair concession.

Hon. T. C. Theophanous — Which one?

Hon. R. A. BEST — It was the point about the formation of Audit Victoria. My recollection of that part of history is that what we started with in a proposal and what we ended up with in legislation were vastly different.

The establishment of the Victorian Auditor-General's Office provides the Auditor-General with the opportunity to outsource work. He will decide whether

he carries out work internally or externally. Prior to the introduction of the 1997 legislation the Auditor-General outsourced about 75 per cent of his work to the major accounting firms around Melbourne. The current proposals will not necessarily result in the Auditor-General undertaking all the work of auditing the different entities for which he is responsible through his office. He will still tender out work to accountancy firms.

Not much has changed since 1997. The main provision of the bill repeals the 1997 act. Members have raised a number of issues about the technicalities associated with the provisions of the bill. I will not revisit those arguments except to say that it is important that the umpire provide rigorous scrutiny of the government of the day. I do not resile from that. The bill ensures the provision of resources and manpower necessary for the Auditor-General to carry out his functions. I have no difficulty with competition or with testing whether internal or external audits are appropriate for the Auditor-General. Much misinformation about the 1997 reforms was distributed throughout the community. That is now history, and I have pleasure in supporting the bill.

Hon. B. N. ATKINSON (Koonung) — I also join with my colleagues in supporting the Audit (Amendment) Bill. This is probably one of the few issues on which the minority Labor government can claim it has a mandate because it is one of the few matters on which it had a policy that it articulated to the community.

One of the other policies it articulated strongly and which, no doubt, garnered it support in a number of electorates was that of capping class sizes from prep to grade 2 at 21 pupils. The government has retreated from that at a great rate of knots. The Minister for Education in another place has been caught in some degree of difficulty in that area. Every statement makes changes but, unfortunately for her, we tuned into the Internet and saw the promise. We have also seen her squirming ever since. After the Auditor-General issue that was probably the other key policy that Labor took to the election. The third policy would be police numbers.

The opposition supports the bill and acknowledges that it is a matter on which the government can rightly claim a mandate. While the opposition would characterise the legislation as a dramatic change in Victoria, it is a modest change from the 1997 legislation that was introduced by the Kennett government.

Most of the debate that surrounded the changes to the Auditor-General's office had more rhetoric than rigour. The 1997 legislation had one central plank, which made it very easy for me to support it at that time and which is maintained in the bill, and that is making the Auditor-General an officer of Parliament. As honourable members would know, before that time the Auditor-General reported through the Department of Premier and Cabinet.

The Kennett government legislation of 1997 brought the Auditor-General in as an officer of the Parliament, which was a significant change — far more significant than anything presented in the present bill. I saw it as fundamental to the legislation because it made sure that the Auditor-General's work was transparent. At the time there was public debate about resources and so forth and whether the Auditor-General would have the ability to conduct audits fearlessly, but the reality of the legislation of 1997 was that it required the Auditor-General to report to Parliament, which meant that if at any time the Auditor-General was not given appropriate resources with which to conduct his work it would become patently obvious.

I should have thought that Parliament's ability to scrutinise that area was considerably greater than any scrutiny that might have been visited upon it had he continued to report through a bureaucratic process as he did at that time through the Department of Premier and Cabinet.

The other key issue of accountability to Parliament was that any intervention in the Auditor-General's work was transparent because he was an officer of Parliament and reported to Parliament. That was a significant step at that time, and the bill builds on it, which is most appropriate.

I spoke strongly in the context of some debates with members of my party to ensure that accountability to Parliament would continue regardless of any change to the legislation. It was an issue on which we might have agreed with the Independents had they agreed to support us in government, or on the sort of legislation that Labor would bring forward as a minority government. I regarded accountability to the Parliament as one of the most important developments that has happened in the area of audits. There is absolutely no doubt about that, and a couple of speakers have mentioned it. I think Mr Theophanous has mentioned it. Certainly the Honourable Ron Best and, I believe, the Honourable Roger Hallam have mentioned the importance of the Auditor-General being an umpire as an independent person commenting on government bids and processes through the departments.

The office of the Auditor-General is the office on which Parliament most relies in the entire mechanism of government to ensure that government remains on track and its services are delivered to Victorians efficiently, effectively and economically and that they meet the criteria set by government policy and, in some cases, that Parliament sets by way of legislation and certainly by contemporary practice. The Auditor-General is crucial in ensuring that those processes are fair, truthful and subject to the proper scrutiny, diligence and integrity that we as parliamentarians would expect of any bureaucracy serving government.

In much the same way as we depend on the ombudsman or the Director of Public Prosecutions, we depend on the Auditor-General, and the position must have independence. The legislation acknowledges the need to preserve that independence. The government would probably argue that it is enhanced. I certainly see that it is preserved.

I am not concerned about the suggestion that the creation of Audit Victoria in 1997 reduced the ability of the Auditor-General to carry out audits. I saw that as a structural way of dealing with the situation. Similarly, I have no concern about bringing it back to the Auditor-General's direct supervision at this point. As other honourable members have said, the Auditor-General over an extended period contracted out many of the audits undertaken in government departments, in many cases to capitalise on the knowledge and experience of people in particular areas as governments become increasingly complex. The delivery of services is increasingly complex and there has been a need to benchmark many of the services that governments provide against those provided by other governments and in some cases against private sector providers.

Certainly from that point of view it is not always important for the Auditor-General to have people with the range of skills necessary to carry out those complete audits, particularly performance audits. That has been acknowledged, and the Public Accounts and Estimates Committee has considered it. The opposition recognises that contracting out will continue.

In light of the government's claim to have a mandate as a result of the Auditor-General losing his independence, I am not sure whether members of the public appreciate the extent of the contracting out that occurred before 1997. Considerable misinformation at the time made things difficult. It is interesting that before the last election I conducted street meetings in my electorate. One of my constituents asked me about the Auditor-General — there is no doubt that a number of

people were concerned about the legislation. As I talked about it another constituent who was listening piped up and said, 'I work for a government department'; he named it, and he certainly was not one of our supporters but he said, 'As a matter of fact, we have always had the Auditor-General's people come in the past but last time we had a private auditor and we got a much more valuable audit of our operation than we ever had under the Auditor-General's staff'. That was a constituent of mine!

Hon. T. C. Theophanous — Who was it? Are you making it up?

Hon. B. N. ATKINSON — I am not making it up. I am not like you.

It is interesting that both the present government and the previous government accepted from their oppositions a substantial number of amendments that have improved the legislation. It demonstrates that the legislation reflects a common purpose to maintain the independence of the Auditor-General and to ensure that he or she remains effective as, in some way, an agent of honourable members in auditing the bureaucracy.

The legislation picks up a number of amendments and recommendations that were made by the Public Accounts and Estimates Committee, and appropriately so. I have no concern about the involvement of the Public Accounts and Estimates Committee and the appointment of auditors in the future.

However, I do have concern about a proposition that I believe will be unworkable: that the Auditor-General should sign off on the budget. It has the potential to severely compromise the Auditor-General in the future. I am not sure what we would expect of the Auditor-General signing off on a budget because I cannot see how the Auditor-General can look at a set of accounts and say, 'Yes, this budget is all right. I give it a tick'. To fulfil his obligations as an auditor he would need to satisfy himself that the working documentation that was provided to form the budget was accurate and likely to deliver the budget outcomes the government expected.

The role usually performed by an Auditor-General or any auditor is changed by the provision requiring the Auditor-General to sign off on a budget. That could lead to an inappropriate use of his position. The provision has been inserted by the government as a cop-out. It was part of the Labor Party's process, before the election, to try to advance its economic credibility.

It is interesting, firstly, to see that the Access Economics report achieved that result for the

government; and secondly, to compare the role now expected of the Auditor-General through this legislation with his previous role, because Access Economics actually ticked off on Labor's promises. It said the promises were attainable. But Access Economics ticked off only on the information it was provided with to the extent that it supported the claims made by the Labor Party.

As has already been shown, for instance in the context of the capping of class sizes in the education department, the Labor Party got its sums wrong. Consequently, Labor has had to walk away from an election commitment because the figures presented to Access Economics, and on which the company auditors ticked off, were wrong.

Also, the Labor government comes here with a number of other promises and budget allocations that never saw the light of day before the election, so far as Access Economics was concerned. The whole exercise has been designed to try to advance the economic credibility of the Labor Party in much the same way as it is trying to justify its savaged credentials of recent years by saying, 'No, the Auditor-General will tick it off and everything will be fantastic'. That provision seriously compromises the Auditor-General. It means if the budget does not achieve its forecast outcome, the Premier could say to Parliament, 'It was the Auditor-General's fault. He should have told us if it was wrong, it is not our fault, we wash our hands of it' — the Pontius Pilate act! That situation could arise under the legislation. That provision is a particularly insidious one that we will need to watch in the future.

It will be interesting to watch the progress of the Labor Party's ministry and its budgets in the future. I am prepared to venture the opinion that the Premier will only ever bring down one budget.

Government members interjecting.

Hon. B. N. ATKINSON — You could shout me a drink if it comes to pass. Prior to the election the Premier took to the public of Victoria the proposition that he would be both Treasurer and Premier for only one reason — that is, in the lead-up to the election he could not afford to have the economic credentials of anybody on the Labor Party side scrutinised. The only way to deflect that sort of attention was for him to say, 'I will do that job as well'. That meant he would not be questioned on the position of Treasurer because he was the Leader of the Opposition at that time.

Many people agree with me that the Premier will bring down a budget in May and then say, 'John Brumby' —

now the Minister for Finance in the other place — 'has been helpful in preparing the budget; he will be the Treasurer and we will change things'. The bad news for the government in that scenario, particularly for government members of this house, is that it is like a game of straws: if you pull out one straw, which could be the Brumby-to-be-Treasurer straw, the danger is that other straws will fall; then we may well see the Honourable Candy Broad becoming the Leader of the Government in this house and the Honourable Monica Gould taking a shift sideways.

Hon. G. R. Craige — Or downwards.

Hon. B. N. ATKINSON — Or backwards. It will be interesting to see how the budgetary process progresses in the future.

The bill will certainly continue the independence of the Auditor-General which had not been compromised by the previous government. There was a helluva lot more rhetoric than rigour in that 1997 debate which succeeded in creating a public perception to the benefit of the Labor Party before the election, and for a period before that. It was to the chagrin of the then government members that we did not counter that proposition and explain the changes made and the fact, as I said, that the fundamental change made, and now retained in this legislation, was to make the Auditor-General responsible to Parliament, thereby creating an important transparency of the position. With those remarks, I support the bill.

The ACTING PRESIDENT

(Hon. G. B. Ashman) — Order! I am of the opinion that the second reading of the bill requires to be passed by an absolute majority. As there is not an absolute majority of members of the house present, I ask the Clerk to ring the bells.

Bells rung.

Members having assembled in chamber:

The PRESIDENT — Order! So that I may be satisfied that an absolute majority exists, I ask honourable members supporting the motion to rise in their places.

Required number of members having risen:

Motion agreed to by absolute majority.

Read second time.

Third reading

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

That this bill be now read a third time.

I thank opposition members, Mr Forward, Mr Hallam, Mr Lucas, Mr Best, and Mr Atkinson, and government members, Ms Hadden, Mr Jennings and Mr Theophanous, for their support of the bill.

The PRESIDENT — Order! So that I may be satisfied that an absolute majority exists, I again ask honourable members supporting the passage of the legislation to stand in their places.

Required number of members having risen:

Motion agreed to by absolute majority.

Read third time.

Remaining stages

Passed remaining stages.

BUSINESS OF THE HOUSE**Sessional orders**

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

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

Motion agreed to.

**PARLIAMENTARY COMMITTEES
(AMENDMENT) BILL***Second reading*

Debate resumed from earlier this day; motion of Hon. M. M. GOULD (Minister for Industrial Relations).

Hon. M. A. BIRRELL (East Yarra) — The opposition supports the proposed amendments to the Parliamentary Committees Act. In the wake of recent discussions about an appropriate committee structure for the Parliament, the opposition acknowledges that agreement has been reached between the parties on the establishment of parliamentary committees. Although the agreement does not reflect the opposition's ideal position, it is a credit to the negotiations that agreement was reached.

I particularly commend the Honourable Gavin Jennings and the honourable member for Geelong North in another place, who represented the government, and the honourable member for Brighton in another place and my colleague the Honourable Bill Forwood, who represented the opposition. The outcome of the discussions is the bill before the house.

The opposition's aim in raising the issue after the election result became clear with the appointment of the minority government was to ensure that the new committees reflected the needs of a new millennium and a deep recognition that parliamentary committees evolve and, one hopes, improve over time. The current parliamentary committees, as enshrined in the Parliamentary Committees Act, were created in 1992 when substantial improvements were made to the committee structure. Their number was increased and the significance and importance of their roles were enhanced.

I am particularly proud of the creation of the Scrutiny of Acts and Regulations Committee in 1992. I had been associated with that proposal since working for the late Senator Alan Missen in Canberra and hearing his pioneering ideas on the role of Senate committees. He was the parent of and the inspiration for the creation of the Senate-style committees in the area of subordinate regulation and review.

A number of other committees were created that have served the Parliament well since 1992. I stress the point that the parliamentary committees of the previous Parliament under the Kennett government were agreed to by the cooperative support of the Australian Labor Party and the Liberal and National parties. I cannot recall a disagreement over the structure of the committees under the Kennett government. Given that they must be appointed with the mutual consent of all parties, any disagreement would have been abundantly obvious.

I also make the point that since the 1970s when committees such as the house, library and printing committees existed, the committee system has improved dramatically. Parliament's committee structure will now be commensurate with the status of the house and the needs of the new millennium.

Opposition members were concerned to ensure that the committees were appointed promptly after the 1999 election result became clear. They particularly regretted the fact that the committees had not been appointed for several weeks and that the minority government had not approached them with a proposal. It was three weeks

before a proposal was received, and the discussions began in earnest last week.

The discussions led to the proposal before the house. Opposition members put up a more ambitious proposal on upper house committees. I direct attention to the fact that the opposition intended to move a private member's bill in another place that would have created a series of upper house and joint house committees. That proposal was put forward by the opposition in good faith. I deeply regret that the actions in another place prevented the private member's bill from being read a first or second time, let alone being debated, passed or defeated.

That is extraordinary in light of the undertakings made in response to the Independents charter. It is breathtaking in the context of the goodwill behind our proposal. Nevertheless that proposal was put orally to the government. The opposition would have stuck to it. It was in everyone's interest that agreement was reached so that the committees could be appointed and the currently employed committee staff could begin their duties.

The opposition proposals remain as its policy. I particularly commend the work of Mr Katsambanis in ensuring that the opposition had a crisp and ready set of ideas to present to Parliament even though the Legislative Assembly chose, for reasons best known to itself, not to allow them to be publicly aired.

On 3 December the Premier wrote to the Leader of the Opposition in the other place and an agreed stance was reached. I have distributed a copy of that letter to the Leader of the Government, and to you, Mr President. I seek leave to incorporate the letter into *Hansard*.

Leave granted; letter as follows:

3 December 1999

Dear Dr Napthine,

Following discussions between the government, opposition and Independents, can I confirm with you the decisions reached in relation to the establishment of parliamentary committees.

1. **Joint Committees**

Public Accounts and Estimates Committee

composition: 10 members (5 government, 4 opposition, 1 Independent) to be chaired by government

Scrutiny of Acts and Regulations Committee

composition: 9 members (5 government, 4 opposition) to be chaired by government

Family and Community Development Committee

composition: 7 members (4 government, 3 opposition) to be chaired by government

Environment and Natural Resources Committee

composition: 8 members (4 government, 3 opposition, 1 independent) to be chaired by government

Drugs and Crime Prevention Committee

composition: 7 members (4 opposition, 3 government) to be chaired by opposition

Law Reform Committee

composition: 7 members (4 opposition, 3 government) to be chaired by opposition

Road Safety Committee

composition 7 members (4 opposition, 3 government) to be chaired by opposition

2. **Upper House Committee**

Economic Development Committee

composition: 7 members (4 opposition, 3 government) to be chaired by opposition.

Terms of reference for this committee will require it to address broad macroeconomic issues and will be the terms of reference for the current joint committee. This committee will be funded and resourced in the same manner as joint committees of the Parliament.

3. **House Committee**

This will be composed of a maximum of 13 members (6 government, 6 opposition and 1 Independent if needed).

Role of the committee will be revamped to make it a referral and advisory committee to the Speaker on management issues. A special Parlynet subcommittee will be established. Committee to be serviced by the CEO of Parliamentary Services.

4. **Further Committee**

The government may establish one further committee of 7 members on which it shall have 4 members and will chair the committee. This would be done by amendment to the act at a later stage.

It is agreed that all committees will be funded in the customary manner that joint parliamentary committees have been funded.

It is also agreed that the required amendments to the Parliamentary Committees Act to achieve these outcomes will be supported in both houses during the next week of sitting commencing Tuesday 7 December 1999.

Finally, it is acknowledged that the state opposition has no plans to create separate Scrutiny of Acts or Public Accounts and Estimates (style) Committees in the Legislative Council, and that, during this term of Parliament, any action to seek to create (any) upper house committees would be preceded by consultation (and negotiation) with the government.

Yours sincerely,

STEVE BRACKS, MP
Premier

Hon. M. A. BIRRELL — The letter records the agreement between the three parties. As a consequence the Parliamentary Committees Act will be amended to provide for the establishment of a parliamentary committee for the upper house. The opposition regards that reform as being very welcome.

In addition, some parliamentary committees will increase their membership to take account of the wish of some of the Independents in the Legislative Assembly to serve on them. Others will have their size reduced from the traditional nine to seven members, which reflects contemporary needs. In addition, there will be a minor but symbolically important change to the role of the joint house committees.

The opposition supports the proposals and hopes the committees work well and cooperatively. I know they will work in the public interest under the guidance of the Presiding Officers and Clerks of both houses.

The opposition welcomes the undertaking that the committees will be fairly funded and will work according to the needs of the political parties represented on them. The chairmanships are evenly shared among the political parties, which is important in the current context.

Finally, I welcome the amendments to the House Committee. Often that committee is overlooked because other committees are seen to be more important — and they are. Nevertheless, it is time one of two groups were in charge of Parliament — the Presiding Officers or representatives of parliamentarians. Currently, neither is, which means there is sometimes disagreement about the decisions made on behalf of the Parliament. I am delighted that that historic weakness has the potential to be rectified. In the end it all depends on the Presiding Officers, particularly the Speaker, so I welcome the constructive comments the new Speaker has made. I take his constructive comments with the goodwill with which they were offered, and look forward to a cooperative relationship.

I emphasise that the Speaker is interested in setting up a subcommittee of the House Committee that will be in charge of Parlynet. That is a breakthrough of monumental proportions and may mean that the technology made available to honourable members is more useful. I commend those people who have been involved in reaching this conclusion. As a result the bill is being given an uncharacteristically expeditious passage through both houses of Parliament on the same day on which it was introduced.

Hon. G. W. JENNINGS (Melbourne) — I welcome the contribution of the Leader of the Opposition to the debate and the spirit in which the negotiations between the government and the opposition have taken place, which has led to the preparation and speedy passage of the bill. They are probably the most constructive discussions that have taken place during this session of Parliament.

The second-reading speech refers to lengthy discussions, but that is not my recollection of the negotiations. My recollection is that there were lengthy pauses and then relatively speedy discussions. It may be that the genial spirit engendered by the President's dinner last week rubbed off on us all and led to the resolution of the matters before us.

Opposition members interjecting.

Hon. G. W. JENNINGS — The interjections from the opposition about the example set in this house serve as a useful reminder to our colleagues in the other place. I enthusiastically endorse that sentiment and encourage honourable members in another place to take note of the more considered, respectful and earnest contributions that sometimes bubble to the surface in this house. I look forward to such contributions becoming the standard rather than the exception to the rule in both houses.

I congratulate the Leader of the Opposition and his deputy on the successful negotiations. I give credit to my colleagues in the lower house, the honourable members for Geelong North, Werribee and Ivanhoe, and the honourable member for Brighton, and the brief but enthusiastic contribution by the honourable member for Gippsland West in the other place. On one occasion she was an enthusiastic contributor to the discussions. Her comments enabled us to focus on the agreed areas and served as a useful contrast to certain attitudes that had become evident during the negotiations. She made it clear that contributions from any member of Parliament can assist the government and the opposition to reach agreement.

Many of the contributions to debates — for example, the debate on the audit bill this afternoon — demonstrate that despite the major political divide between us the best elements of the Parliament can be seen when government and opposition work collaboratively to look after the interests of Victorians. I hope we will see more of that sort of parliamentary activity during the consideration of other legislation.

I direct the attention of members to the provision that enables the Scrutiny of Acts and Regulations

Committee, which will be established next week during a joint sitting, to examine bills that have already passed the house. Obviously this has been a somewhat imperfect introduction, and I echo the concerns of honourable members about the pace with which the Scrutiny of Acts and Regulations Committee has been established. In my contributions to debates on bills that have been passed since 3 November I have on a number of occasions said I would have preferred the committee to have examined the legislation.

I also enthusiastically embrace the concept of the Parliament, through the Presiding Officers and the House Committee, taking control of its activities and defining clear lines of accountability. It is clearly the intention of the Speaker to ensure that he assumes the full breadth of the responsibilities of his office in managing the activities of Parliament. I will welcome the House Committee's active and rigorous participation in ensuring that that takes place, because it would benefit all members of Parliament and all Victorians. From my conversations with the Speaker I know that that is his intention, and I know the government members of the committee aspire to ensure that that occurs.

The Leader of the Opposition had the Premier's letter on the agreement reached between the parties incorporated in *Hansard*, so I will not repeat its contents. I congratulate the Leader of the Opposition on the outcome. The government would have preferred that the committees to have been in place earlier than this, but it appreciates the way in which the opposition has responded, particularly in agreeing to pass the legislation through both houses today. This agreed way of doing business augers well for the future. I hope it will serve as a prime example of how by working together the government and the opposition can effectively organise the business of the Parliament. I commend the bill to the house.

The PRESIDENT — Order! I am of the opinion that this bill requires to be passed by an absolute majority. As there is not an absolute majority of the members of the house present, I ask the Clerk to ring the bells.

Bells rung.

Members having assembled in chamber:

The PRESIDENT — Order! So that I may be satisfied that an absolute majority exists, I ask honourable members supporting the motion to rise in their places.

Required number of members having risen:

Motion agreed to by absolute majority.

Read second time.

Third reading

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

That this bill be now read a third time.

I thank the opposition for its support of the bill and honourable members for their contributions to the debate.

The PRESIDENT — Order! I again ask honourable members supporting the motion to rise in their places.

Required number of members having risen:

Motion agreed to by absolute majority.

Read third time.

Remaining stages

Passed remaining stages.

MINISTERS: READING OF ANSWERS

The PRESIDENT — Order! On 1 December the Leader of the Opposition asked me to give further consideration to my ruling that there was no rule or practice of the house which precluded ministers from reading prepared answers to questions.

Certainly, there is a general rule against the reading of speeches in Parliament, with certain limited exceptions. The practice of the house is summarised in *May* at page 372, 22nd edition:

The rule against reading speeches is, in any case, relaxed for opening speeches or whenever there is special reason for precision, as in important ministerial statements, notably on foreign affairs, in matters involving agreements with outside bodies or in highly technical bills. Even at a later stage of a debate, prepared statements on such subjects may be read without objection being taken, though they should not constitute an entire speech.

This commentary by *May* was quoted with approval by my predecessor, the Honourable Alan Hunt, in this house on 29 October 1991, on a point of order raised by Mr Hallam.

It has been the practice of the house to allow the minister introducing a bill to read a second-reading speech. It allows any member of the house, when introducing a motion, to read the accompanying speech. Members have always been able to use copious notes to

assist them in the presentation of a speech and I have given a number of rulings on that issue, including 7 April 1993, at pages 213 and 214 of *Hansard*, and 1 December 1993, at page 1461 of *Hansard*.

The question is whether the general rule against the reading of speeches applies to answers given by ministers to questions without notice. I can find no ruling given by any of my predecessors, nor recorded in *May*, nor in *Odgers Australian Senate Practice*, nor in the *House of Representatives Practice*, which forbids ministers reading answers to questions.

It has also been the clear practice in this house for ministers to read answers to questions and, in fact, to read press statements which have been prepared for them or by them. That has been the practice with ALP ministers and coalition ministers alike.

Having said that, it is clear that a minister who is truly conversant with his or her portfolio should be able to answer questions about the portfolio without having to resort to reading a prepared answer. As *May* mentions, an exception is always allowed where the answer is technical. Where a minister slavishly reads an answer, one is entitled to question the minister's knowledge of the portfolio. Different considerations would apply where the minister is acting as a spokesperson for a minister in the other house.

Accordingly, the practice of reading answers to questions by ministers is permissible, but discouraged.

Sitting suspended 6.26 p.m. until 8.02 p.m.

REGIONAL INFRASTRUCTURE DEVELOPMENT FUND BILL

Second reading

Debate resumed from earlier this day; motion of Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development).

Hon. G. R. CRAIGE (Central Highlands) — I contribute to the debate on the Regional Infrastructure Development Fund Bill with a somewhat heavy heart. For the information of government members who do not understand or have an affinity with rural Victoria, my heart is heavy because of the disparity between what the bill offers and what may be delivered to the people living in country Victoria.

When I saw the bill for the first time I thought the people of rural Victoria would have delivered to them the promises and commitments of the Labor Party. A

reading of the bill shows that Labor has clearly let down rural Victoria in the delivery of those commitments and promises. In my contribution this evening I will elaborate on some of the issues raised.

Prior to and during the election campaign there was somewhat of a feeding frenzy in rural Victoria, with Labor Party members creating an impression that the Regional Infrastructure Development Fund would bring great hope to rural Victorians, and building great expectations. But the bill is a charade. I have with me a rare and old dictionary, entitled the *Encyclopaedic World Dictionary*.

Hon. D. G. Hadden — Cite it. Lay it on the table.

Hon. G. R. CRAIGE — Didn't you hear what I said? Just to satisfy the inquisitive little mind of the honourable member for Ballarat Province, the dictionary was originally printed in 1971 by the Hamlyn Publishing Group and reprinted in 1976.

Hon. J. M. Madden — What page are you reading from?

Hon. G. R. CRAIGE — Page 287. That will make it easier for you — I know how thick you are; it will take you two to three weeks to get to the page. The dictionary defines 'charade' as follows:

A ridiculous or pointless act or series of acts.

That exactly describes the bill. It is full of deception. Like so many other people who support country Victorians, I hope the bill delivers to some extent on the promises and commitments made by the Labor Party during the election campaign so that individuals and communities can have some faith them.

The opposition does not oppose the bill. That has been made clear, and any honourable member who has read the *Hansard* record of the lower house debate on the bill would acknowledge that it is clearly indicated that the opposition does not oppose the bill. But in the committee stage I will be moving amendments that are essential to remedying the fundamental flaws in the legislation.

When political parties in general and politicians in particular present second-reading speeches and outline policies that suggest easy solutions I become concerned. There is not any one easy solution to fixing the many problems that affect not only rural Victoria but rural Australia and rural areas throughout the world. The issues are enormous, and they affect the day-to-day lives of individuals living on the land or in rural towns.

The social fabric of societies is affected by them, as is the way people go about their work.

In the past 130 years many changes have occurred in rural Victoria and rural Australia — indeed, throughout Australia. One need only consider the wool industry to see that changes have occurred. Over the years industry has changed dramatically. The Honourable Barry Bishop would be aware of the market forces affecting the wheat and barley industry and of how adaptable farmers have had to be in keeping up with the changes that have occurred. Numerous changes have occurred in rural industries associated with wool, grain and dairy products.

Enormous changes have taken place. If one were to visit country Victoria today and reflect on what it was like 10 years ago one would see the many changes. Deregulation has had a significant impact on how country people go about their lives. The sharing of information technology has removed the tyranny of distance for many in rural Victoria. One cannot but admire those who live and continue to live in rural Australia. I am also reminded of books one reads from time to time about how adaptive rural communities are. We must ensure that the changes that have occurred are capitalised upon.

The bill is enabling legislation that allows the Bracks minority Labor government to set up a fund to be used in many areas. I will ensure that rural Victorians hold the Labor government to the title of the bill so that every cent put into that fund is spent on regional infrastructure development. I will spend all my time speaking to people in rural Victoria to ensure that they are told that the fund was set up for infrastructure development, and that the definitions in the bill make that a joke. Although it is enabling legislation, no money figure is mentioned in the bill. The opposition has been informed in briefings and in documentation that over three financial years up to \$170 million will be allocated to the fund. I am at a loss to understand what infrastructure development will be funded, because when one makes the calculations on the frenzied activities of the Minister for State and Regional Development prior to and after the election, one finds that already \$100 million has been committed.

I turn to the commitments made prior to rail standardisation. Inconsistencies are creeping in between the original statements of the Labor Party and those of the current Bracks minority Labor government. Changes are being made before the ink is dry on the legislation. The bill places great emphasis on regional Victoria.

Clause 3, the definitions clause, provides that regional Victoria is:

- (a) the municipal districts of the municipal councils set out in the Schedule; and
- (b) the alpine resorts within the meaning of the Alpine Resorts Act 1983.

Clause 5(1)(a)(i) provides that the fund will be used for:

... the improvement of transport within regional Victoria and connecting regional Victoria with other parts of the state ...

In briefings with the bureaucrats we asked the legitimate question of whether that meant that provision would apply if one built a road or rail line between any of the regional councils mentioned. I accept that it would apply. But the answer did not stop there. The money can be allocated to projects proposed to be undertaken outside the councils mentioned and to projects in metropolitan Melbourne. Hypothetically, if the Labor government reneges on the allocation of funds for the Hallam Bypass in the City of Casey —

Hon. C. C. Broad interjected.

Hon. G. R. CRAIGE — I doubt that the minister has been outside Melbourne! We were told that funds can be allocated to projects outside the councils listed in the schedule, yet the government made great play about funds for regional Victoria. We were informed that the provision would be applicable to roads, such as the Hallam Bypass in the City of Casey, which could be funded out of the \$170 million. If they are the criteria, there won't be much left!

The money could be spent by councils building a rail link from Spencer Street Railway Station to one of the adjoining stations. One should not be fooled into believing that the money will be allocated to only regional or rural Victoria.

Hon. W. R. Baxter — This is a new VEDC.

Hon. G. R. CRAIGE — It is worse than the VEDC. Clause 5 includes a list of the purposes for which the fund can apply. The government needed only one clause for its purposes — that is, clause 5(1)(a)(v), which provides that financial assistance will be given to capital works:

... generally benefiting or supporting the development of regional Victoria.

That can mean anything to anybody! The fund can be used for any purpose! The government did not need to insert the other clauses. The bill is about deceiving

those people who were fed that line by the Labor Party prior to the election.

They are the people for whom I feel enormously. I feel for them as individuals and as members of groups and communities who were fed a line during the debates before the election that the funds would be used for transport, education, tourism, and development of industries — but lo and behold, the last clause states, in effect, ‘Well, forget all about that. It can be used for anything that we like to use it for’. Yet country Victoria was promised that the money would be spent specifically to benefit regional infrastructure in transport, industry, tourism, education and information. That is critical, particularly to the people who were told that is what the fund would be spent on.

Clause 5 states, in part:

- (1) There shall be paid out of the Fund amounts authorised by the Minister —
 - (a) to be used to provide financial assistance for or with respect to capital works relating to any of the following matters —

During the briefing from the departmental people it was asked who would be able to make the application.

Hon. N. B. Lucas — What was the answer?

Hon. G. R. CRAIGE — Local government, councils. That is okay, but the list goes on — regional business groups, educational institutions, community groups, private sector, individuals — anyone, at all, in fact. That was confirmed by the minister in his contribution in the other house. He said it has been confirmed that any individual can make an application.

Of course, the bill does not explain how one goes about making an application, but the second-reading speech does. It states that the government is preparing detailed guidelines for submissions for funding under the Regional Infrastructure Development Fund which will be published for the information of all Victorians.

Let us hope that it is sooner rather than later, because if it is later, not one cent of that fund will be left for allocation to people who genuinely believe they are eligible to apply. The money will be eaten up by the promises the Labor Party is making now.

Some \$100 million has already gone. Probably as I speak now another commitment is being given. Let us consider the purpose of the bill in context with the second-reading speech.

The bill says the fund is for individuals, organisations and community groups. The reality is that by the time that is done, no more money will be available during the next three financial years for any one of those people because only \$70 million is left now; \$100 million has been committed, and the government says, ‘We are now working on detailed guidelines’. Even the minister says that the funds can go to virtually anyone.

I want to tell honourable members that \$70 million will not go a long way. I will be an interested watcher of the legislation; I will be very observant of how many applications are approved. It will be interesting to see how many go through the process; my guess is that there will not be any because all the money will be gone.

On the one hand government members are out there spending and committing the funds and on the other they are saying, ‘All the guidelines will be distributed to members of Parliament so they can encourage communities in their electorates to apply for funding’.

That will be a waste of time. It is a tragedy. Rural Victorians have been dealt a significant blow because of the deception the legislation creates.

Hon. W. R. Baxter — Expectations build up and they will be dashed.

Hon. G. R. CRAIGE — Absolutely. The second-reading speech states:

This bill embodies both a symbolic and practical commitment to regional Victoria.

I place on record that there is no practical commitment in the legislation — not one single bit. For a start, it is enabling legislation; it does not even contain guidelines. It says nothing about a practical application. It is a little money pot that the minister wanted to set up so he could get out there and allocate the money to whomever he wanted to — the VEDC Mark II all over again — back the winners, back a couple of wineries. I know where they would like to be — at a couple of wineries.

Hon. R. F. Smith — What is wrong with wineries?

Hon. G. R. CRAIGE — Nothing, especially if people from the private sector are showing the rest of us how good they are. They can do it without government intervention or assistance because that is not what the bill is about. It is about the development of infrastructure. It is not about handouts and the honey pot that the minister created.

How do we know that? Easy. Clause 5(2) states:

The Minister must not authorise the payment of any amount of \$2 000 000 or more from the Fund for the purpose of sub-section 1(a) except with the approval of the Treasurer.

I would not have minded having my hand on up to \$2 million without the Treasurer watching over me! That is what accountability is all about, yet the proposed legislation has no checks and balances for sums up to \$2 million. The minister does not need to refer to anyone to sign the cheque off. He can build a bridge here and there, whack in boat ramps, do whatever he wants wherever he wants. That is one reason for the opposition seeking to amend the bill.

I want to look more closely at rail freight standardisation. The second-reading speech is clear, and deals with that matter at page 360 of *Hansard* of 11 November. I refer to the Labor Party's policy document entitled 'Rebuilding the transport network: a better transport network for all Victorians'. At the bottom of page 17 of that document under the heading 'Standardising freight lines' the document states:

Victoria's dual-gauge freight system is inefficient and wasteful. Over time, Labor will convert all broad gauge Victorian rail freight lines to standard gauge.

On page 18 the policy document states:

Labor will provide \$40 million from the Regional Infrastructure Development Fund as a contribution to a partnership with the federal government and Freight Victoria to convert all broad gauge Victorian rail freight lines to standard gauge.

However, the second-reading speech states:

rail freight standardisation — up to \$40 million in partnership with the federal government and Freight Victoria to enable the conversion of key broad gauge rail lines to standard gauge.

Hon. I. J. Cover — You said 'all' before.

Hon. G. R. CRAIGE — I did. The policy document clearly refers to all broad gauge lines, but the second-reading speech changes the terminology. Rural Victoria has immediately been dealt a significant blow because, according to the minister's second-reading speech, what the government thought was to happen will not now happen. Between the launch of the party policy and the issuing of the second-reading speech the words have been changed from 'all' broad gauge to 'key' broad gauge lines. The commitment is a punch in the nose for those who believed that the Labor Party was committed to standardising all broad gauge rail lines.

The issue raised by the honourable member for Gippsland South in the other place, Peter Ryan, concerned not only the discrepancy between the second-reading speech and the policy document but the second-reading speech's reference to a partnership. Honourable members who have read the *Hansard* report of the debates in the lower house will understand the federal government has made no commitment to this project. Does that not beg the question: what commitment has the government got from Freight Victoria? None! Yet the government is out there deceiving rural Victorians about an important issue. It has created expectations before the fund had even one dollar in it.

The government has gone back on its promise. It has changed the word 'all' to the word 'key' in its promise about standardisation of rail lines, and the commonwealth has made no commitment on the \$40 million.

A letter from the federal government to Peter Ryan states:

Responsibility for standardising the Victorian intrastate track rests solely with the state government and the private leaseholders of the intrastate track, V/Line Freight.

It could not be clearer. The federal government has made no commitment, which is a significant blow to rural Victorians who believed the rail standardisation would occur. Regional Victoria has a two-gauge network with an interstate line feeding into Portland's standard gauge. The rest of the network is broad gauge.

Much work has been done about upgrading the rail infrastructure. In January 1998 Maunsell McIntyre produced a report for the Department of Infrastructure. The report was illuminating because it indicated that the standardisation of all country rail networks except for Gippsland, Warrnambool, Ballarat and Bendigo would cost \$136 million. The minister in another place said the cost would be \$90 million. I do not know where the minister obtained that figure but I suspect it resulted from a John Holland report commissioned by a group of rural councils from New South Wales and Victoria; its estimate was \$87 million. I inform the house and rural Victorians that the Department of Infrastructure has analysed the report and says its costing estimates are significantly understated.

I hope my Gippsland colleagues appreciate the difficulty involved in upgrading the lines in their part of Victoria into Melbourne. The department's consultants have examined the report and decided that, with the exception of the Warrnambool, Gippsland, Ballarat and Bendigo lines, the \$136 million would be more

correctly stated at about \$260 million. The problem is that rural Victorians believed they would have all their standard gauge lines upgraded, but \$90 million is nowhere near the correct figure of \$260 million. The minister continues to use the John Holland report commissioned by the councils which referred to an estimated \$87 million. The Department of Infrastructure has said that report does not stand up to scrutiny.

There is doubt whether some Victorian rail lines can be standardised throughout their length because of the state's complicated rail network, but the more accurate figure to standardise the network, as I said earlier, is about \$260 million.

That highlights the concern of the opposition in that before the election the Labor Party promised anything it could, particularly anything it thought it could sell — whatever it thought to be a good idea. But I ask honourable members and particularly rural Victorians to read the government's policy and its statements about 'all' lines being standardised and then to read the minister's second-reading speech in which the word 'all' has been changed to 'key' even before the bill passes. According to the department's consultant's report, even had it stuck to 'key' and even if the correct cost was to be \$136 million, insufficient funds had been allocated.

Rural Victorians have a right to know what the Bracks minority government will deliver through the Regional Infrastructure Development Fund, and they should demand it. I am sure my colleagues on this side of the house will keep a watchful eye on the situation.

I cannot help but reflect on the last page of the second-reading speech, which states:

This bill embodies both a symbolic ...

It is certainly symbolic; it has no practical application. There probably is no need for the legislation because the funds that have been committed — \$100 million — could quite easily have been paid out of different departmental areas. There is no need for this type of grandstanding. It is a tragedy that people in rural Victoria were given so much hope about the fund.

The second-reading speech refers to the detailed guidelines, about which I have great concern. I encourage the government to circulate the guidelines as quickly as it can so that they reach community groups, local councils, organisations and businesses in time for them to apply in order to stand a chance of getting the rare funds that will be available. The second-reading speech further states:

The government's decisions will be informed by the recommendations of a committee comprising representatives of the departments most centrally involved in delivering this key initiative, in particular the Department of State and Regional Development, Infrastructure and Premier and Cabinet.

I put to the government that the committee should be wider than those three departments. There will be many occasions when other departments, through different agencies, will make applications. Committees such as that need a wide range of views.

I can imagine what it will be like. The Department of State and Regional Development will be rejoicing that it can get its hands on \$170 million, \$100 million of which has already been committed, to manipulate in a way that only it can do.

Hon. R. F. Smith — The Auditor-General will look after that.

Hon. G. R. CRAIGE — Yes, after we make the amendments. The good thing about that statement, Mr Smith, is that when the amendments are made that will be the case. However, until the amendments are made that is not the case.

The second-reading speech further states:

Critical to the success of this initiative will be the input of the soon-to-be-formed Infrastructure Planning Council which will provide a forum for the involvement of key stakeholders on infrastructure issues.

I encourage the government to make sure it proceeds with that as a matter of urgency so that input can be made and people receiving allocations and having to go through the process can do so well before 1 July next year.

Commitments and promises were made by the Labor Party prior to the election and the government must now deliver. I doubt that it will be able to deliver on each commitment and promise. The legislation is window-dressing. I hope everyone who has pinned some of their expectations of funding raised during the campaign — —

Hon. C. C. Broad — Are you reading?

Hon. G. R. CRAIGE — No, I'm not. Unlike you guys I don't need to do that.

I hope funding will be available for people who have had their expectations raised. Although I do not oppose the bill, the opposition will move amendments in the committee stage.

Hon. KAYE DARVENIZA (Melbourne West) — The Labor Party gave a commitment during the election campaign to introduce the bill. The Bracks government is now honouring its promise to Victorians, particularly people in rural and regional areas, that the fund would be available and would be a priority, and that the government would introduce the bill as one of the first matters it had to attend to.

The establishment of the Regional Infrastructure Development Fund is an important step in rebuilding infrastructure in regional and rural Victoria. For the past seven years under the Kennett government regional and rural Victoria have been neglected. The Kennett government could not see past metropolitan Melbourne.

Honourable members interjecting.

Hon. KAYE DARVENIZA — Rural and regional Victorians ran from you at the last election. They ran like Dracula running from a crucifix! Regional and rural Victorians suffered under the Kennett government. We saw the closure of schools, hospitals and industries. Jobs went. People in regional and rural Victoria found themselves in a very difficult situation. Their jobs had gone, there was no new industry and they had homes to maintain and families to support. People were unable to keep up with their mortgage repayments and were unable to sell their homes because nobody wanted to move into some of the country towns. It was a very difficult situation.

The bill represents a real shift in focus. The Bracks government can see beyond metropolitan Melbourne. It can see that communities in rural and regional Victoria need industries, infrastructure and job creation. They need to be able to care for and build on the important community structures already in place in those areas.

For too long country Victoria has missed out. It has missed out on economic opportunities that result in employment growth. For too long country Victoria has seen the demise of many of its industries and community supports — hospitals, community services and schools.

Victorians have experienced the demise of economic growth in many regional and rural towns. The bill will give rural and regional Victoria the boost it needs to rebuild and develop infrastructure projects that build on regional strengths — and there are many strengths in rural and regional Victoria. In a cooperative way the government will attract investment, create employment, export growth and provide the right environment for new businesses and new activities for both the public and private sectors.

Hon. N. B. Lucas — Which part of the country do you come from?

Hon. KAYE DARVENIZA — I came from rural Victoria.

Hon. N. B. Lucas — No, where is your electorate?

Hon. KAYE DARVENIZA — Read it in the handbook. The purpose of the bill is clear. Clause 1 states:

The main purpose of this Act is to provide for a fund to be called the Regional Infrastructure Development Fund to be established in the Public Account as part of the Trust Fund.

The bill will enable the government to establish a Regional Infrastructure Development Fund and make available capital works funding to regional communities. The bill is simple and straightforward. Firstly, it establishes the fund as a trust fund in the public account, which clearly demonstrates the government's commitment to use the funding for the purpose for which it is intended. The proposed fund is clear, transparent, accountable and subject to all the auditing and reporting requirements of the Financial Management Act 1994. The government will deliver the promised \$170 million for infrastructure funding over the next three years. It is new money, additional money that has not already been allocated for other infrastructure projects.

Secondly, the bill defines the broad purposes for which the fund can be used. It outlines the categories of projects that can be considered for funding. I refer honourable members to clause 5, as did Mr Craig in his contribution. Clause 5(1)(a) outlines clearly what the funds may be used for:

- (a) to be used to provide financial assistance for or with respect to capital works relating to any of the following matters —
 - (i) the improvement of transport within regional Victoria and connecting regional Victoria with other parts of the State;
 - (ii) the development of industries in regional Victoria;
 - (iii) the development and improvement of tourism facilities in regional Victoria or that will benefit regional Victoria;
 - (iv) providing regional Victoria with access to education and information technology;
 - (v) generally benefiting or supporting the development of regional Victoria;

What a long bow the honourable member drew when he said that the provisions are not clear and that there is

some ambiguity about what the fund can be used for. The government announced a number of major infrastructure initiatives during the election campaign which will be provided through the Regional Infrastructure Development Fund and work will be able to commence on those projects after the bill has passed. The fund can be used on such projects over the next three years. The process of applications within the guidelines must be followed after approval by an interdepartmental committee. Each of the projects will be subject to the legislation and will have to go through those processes.

A number of major infrastructure projects or initiatives were discussed during the election campaign. They include: partnering the federal government and Freight Victoria in converting key broad gauge Victorian freight lines to standard gauge; developing a major education precinct in Gippsland; working with the information and communications technology industry to establish high-tech towns; and providing seed funding for a centre of excellence for the Victorian viticulture and winemaking industry in Ararat.

Guidelines for the funding are being prepared, and they will be published and made available to all Victorians. The government will encourage opposition members to promote the initiatives of the Bracks Labor government and to encourage their communities to make applications in line with the fund.

The government wants to see proposals from communities that will enhance the development of country Victoria. It wants to see submissions and proposals for projects from rural councils, regional organisations, business groups, educational institutions, community groups, the private sector, and individuals. The government will encourage all in the community to become involved, to examine the infrastructure programs and initiatives that will meet their individual community needs and benefit their communities, and to make submissions for funding. All submissions will require support from councils and regional organisations.

The assessment of funding was another matter raised by the Honourable Geoff Craige. An interdepartmental committee will be established. Mr Craige went into some detail about what would constitute that committee. It will be established in the context of the guidelines that are being developed. The committee will assess applications in line with the guidelines and make recommendations to the minister.

I refer to approvals for amounts to be paid from the fund. The bill will provide for grants of up to \$2 million

to be approved by the minister. The minister will be able to approve funding for particular projects and initiatives up to that amount. Grants of more than \$2 million will require the approval of the Treasurer.

In conclusion, rural and regional Victoria has suffered considerably over the past seven years under the previous Kennett government. One does not have to look too far in Victorian regional cities or the rural countryside to see the damage that has been done, the areas that have been cut, and the areas that have suffered neglect. The bill is a practical commitment to rural and regional Victoria from the Bracks Labor government. It will enable rural and regional Victoria to compete for investment and for jobs. It will boost the competitive capacity and competence of rural Victoria and will deliver real benefits to rural Victorians and their communities. I commend the bill to the house.

Hon. B. W. BISHOP (North Western) — I am pleased to support the bill, as would any member who represents rural and regional Victoria and believes in infrastructure development. However, like some of my colleagues, I have concerns. My good friend, Mr Hallam, always says that it is the process that counts. This is an example where process will certainly count. Many of the initiatives proposed by the Labor government could have been funded by government departments. The bill is a public relations exercise and the government is using smoke and mirrors.

Government departments can fund many of the initiatives described in the second-reading speech and have done so in the past. I know the bill provides no funding this financial year, but it will provide \$50 million next financial year, \$50 million the year after and \$70 million the year after that. My colleagues have reminded me of the infrastructure fund of the Victorian Farmers Federation, which proposed an injection of \$500 million over four years. The federation was in the real world and had worked out what was required. It had its feet on the ground. It proposed the electricity and rail upgrades that Mr Craige spoke about, irrigation infrastructure, which is dear to the hearts of many people who represent regional and rural Victoria, rail infrastructure and bridges.

Mr Craige spoke about the changes in country areas. State and federal governments are sometimes unfairly blamed for the lack of services in country areas, but those who live in country areas understand the real situation. I can talk with some authority on that issue. I live in the country, work in the country and have been a farmer for a significant part of my life. Of course farms have got larger. If government members drove through

country areas they would realise that the size of farms has increased. Farmers have made the commercial decision, as anyone else has to do, to build up the sizes of their properties so their operations are viable and they can compete on world markets.

Australian farmers are not protected in this subsidised world, so to be viable they have had to increase the sizes of their properties. Rural Victoria now has better roads and rural people have better cars and supermarkets, especially in regional centres. I recall a meeting at Patchewollock at which a number of complaints were made about the government not doing enough to support small rural communities. I said to those at the meeting that I had seen some of them the previous Sunday shopping in Mildura. Rural people are prepared to travel long distances — that is the way of country life. My father has said to me that the paddock opposite our farm, where my son and daughter-in-law now live, used to take a week to cultivate; it now takes half a day or even less. That is why farms are larger and fewer people now live in country Victoria. Again I advise members of the government to travel around country Victoria to gain an understanding of the real situation.

Hon. W. R. Baxter — So they can show leadership instead of talking down the country.

Hon. B. W. BISHOP — Indeed. Ms Darveniza made some ridiculous comments in her contribution. I assure the house that some country areas are doing particularly well. Victoria is in a sound financial position because of the excellent financial management of the previous government. It is galling to think that the government has been handed the key to an Aladdin's cave that has a few gold bars in it. That is okay if the money is spent wisely and there is transparency, but I have real concerns about the lack of accountability and the \$2 million that may be allocated without reference to anyone. As I said earlier, government departments are able to fund many of the initiatives and have done so in the past under previous governments. I want to ensure there is transparency in the proposed Regional Infrastructure Development Fund and the Community Support Fund so there is no double dipping.

Some comments have been made about the thrust of the funding into regional and rural areas. There must be due process. It was suggested in the other place during the debate on this measure that funding will be processed by a population formula. I would like an explanation of that. I wonder how it will work.

Hon. W. R. Baxter — Patchewollock will suffer.

Hon. B. W. BISHOP — Indeed, it is a strong but small community and does not have a significant population. Government members spoke about the downtrodden areas of country Victoria. I inform them that Mildura and Sunraysia are booming. If people have doubts about that I invite them to come to Mildura. I will give them a guided tour and show them the investment that Mr Best and I have watched occur over the past seven years because people have had confidence in the future of the area.

Hon. W. R. Baxter — So is the Goulburn Valley.

Hon. B. W. BISHOP — I agree. Many large investments have been made in the Sunraysia and Mildura areas because people have confidence in the structures developed by the former government. I hope they will continue to have confidence in the future, even though I have some concerns.

The Donald pea company is an example of a good operation that has prospered and Donald also has a bakery that produces excellent biscuits. Mr Best and I know the Nullawil cooperative that was started by 30 farmers who had the initiative and confidence to go ahead. The former government gave the cooperative some assistance but it did not need much. It is doing particularly well. Manangatang has a stock feed plant that was developed through the initiative, investment and confidence of local people. Surprisingly there is also an aquaculture project at Winnambool, just near Manangatang. Someone has had the confidence to develop the project.

Hon. R. A. Best — You are going to tell them about the employment problem in Swan Hill.

Hon. B. W. BISHOP — I was going to keep my contribution short. There are many infrastructure requirements that will need to be developed in the irrigation areas of Sunraysia and Swan Hill — in fact, all the way along the river. It is driven by the wine industry, which is performing well, particularly in export markets. There is an employment problem in Swan Hill, which is represented by the honourable member for Swan Hill in the other place, Mr Best and me. The town cannot get sufficient people to do the work in the area, so honourable members should not say that country Victoria is falling over. Many parts of rural Victoria are doing extremely well.

Some difficulties have been experienced in dry-land areas. Those areas have suffered poor seasons for a number of years and have received low prices for their produce. Although this year has been reasonable the prices they receive for their produce is not so good. Last

night I spoke about parts of regional Victoria that have not done so well and that need assistance from various programs. The Minister for Agriculture in the other place has been asked to look at the assessment that was done earlier this year.

I would like to give a couple of examples of rural areas in need. Infrastructure money should not be spent on the Mildura courthouse. For a number of years Mr Best and I have made representations on that matter. A few weeks ago there was a great kerfuffle when I called for the courthouse to be kept on the priority list as it was under the former government. The Warrnambool and Mildura courthouses were at the top of the list. The Mildura courthouse needs rebuilding. I called for an innovative plan to co-locate justice services, emergency services, ambulances and a new courthouse on the old hospital site.

My suggestion was met with derision by the Independent honourable member for Mildura in another place, who said the Mildura courthouse was not on the priority list, although he was in possession of a letter from the former Attorney-General Jan Wade saying it was. The courthouse is an example of an infrastructure project that should not be funded through the Regional Infrastructure Development Fund but by the Department of Justice as it would rightly have been under the former government. Work on the courthouse needs to be started immediately. For some time it has been on the priority list and it should be acted on rather than being the subject of government rhetoric as it has been since the new government came to office.

Irrigation is probably the best area to consider for infrastructure funding. I hope the Deakin study is progressing. I suspect the minister will have signed off on it. That study coordinates private investment in irrigation areas around Mildura, Sunraysia and Robinvale that will have the effect of doubling the irrigation area in years to come.

Another study is in the pipeline — pardon the pun — examining the irrigation infrastructure for the Sunraysia Rural Water Authority and the First Mildura Irrigation Trust, two of the deliverers of irrigation in that area. It was most important that that study be conducted and that it continue. It will establish where in those irrigation areas infrastructure developments will be needed in the next 50 years, so ensuring that the industries in those areas will be competitive not with industries in the Goulburn Valley but with international competitors, using world best practice, which Australia should also be using. I urge the government to continue that study.

Before any infrastructure grants are made available the government must know exactly where it is going and how to put infrastructure in place. It should learn all it can from projects around the world and around Australia. Mr Best and I have looked at some precedents. Infrastructure advances have been made in South Australia and New South Wales. Some funding models are based on percentages of funding coming from the federal government, the state government and the irrigators, which gives them ownership of that scheme. I repeat that the study must continue. Irrigation is a good area for infrastructure funding as irrigation could increase the efficiency of production in an area and ensure industries are sustainable in future.

Mr Best and I were involved in another study, the north-west freight study, which evolved from one of the regional forums set up by the former government. The regional forum in my area made three recommendations, one of which was that there be a study of regional freight transport in north-western Victoria. That study has been going for two to three months of its projected 13-month time span, which a number of people believe to be a bit too long. The study should be a little more focused. A couple of meetings have been held, and a couple of issues need to be addressed.

One issue is the relocation of the freight centre in Mildura. There has been great debate about the use of the river front. If the freight centre could be relocated to a more advantageous position better access would be provided to the river front while retaining the railway line to Merbein and Yelta, which is necessary to meet the freight requirements of that region.

The other recommendation proposed by the regional forum was that the railway line through Yelta, Merbein and Mildura, down to the ports and as far as Lascelles be dual gauged. It was recommended that a new standard line 27 kilometres long be built between Lascelles and Hopetoun to link the standardised rail that the former government put in some years ago to increase the flexibility of the transport of grain and other products to the port of Portland.

That is a good concept and recommendation. Today it has added weight because of the tremendous potential of the mineral sands projects in New South Wales and Victoria, with Mildura at the centre of the activity. Great employment opportunities exist. There is competition for transport and port usage from our cousins in South Australia, who are also keen to get business to their state. If Victoria could establish a dual line, the port of Portland could be accessed. If the railway line could be upgraded, as Mr Craig

suggested, Victoria would be given a competitive edge on the other states.

The railway line is not in good condition. The one-way trip from Mildura to the port takes approximately 17 hours. The view is that if the line were upgraded to industry standards travel time would be reduced to 8 hours. The opportunity would exist to better utilise resources by having one locomotive and one set of wagons and to increase Victoria's competitiveness in the world market.

I have quickly mentioned a couple of issues that must be considered. The infrastructure fund could be well utilised in supporting those projects. I share the concern of others who have said that the proposed allocation has probably already been spent and that it ought to be the responsibility of departments to fund a number of the projects referred to. The bill is a smoke-and-mirrors public relations exercise. It is the responsibility of the Labor Party to clearly enunciate what the procedure will be for accessing funds and particularly whether there is any suggestion that the allocation of money from the fund will be population based.

Hon. E. C. CARBINES (Geelong) — As a member for Geelong Province, a rural Victorian seat, I am delighted to speak in favour of the Regional Infrastructure Development Fund Bill. As part of the election campaign members of the Australian Labor Party listened to what people in regional Victoria were telling them. People in regional Victoria said they had been neglected by the Kennett government and that it had focused too much attention on metropolitan Melbourne to the detriment of regional Victoria. The result had been transport cuts, school closures, reduced hospital funding, cuts to government services, regional unemployment higher than the state average and regional centres dying.

The disillusionment of rural Victorians with the Kennett government is exemplified by the result of the recent state election, in which seat after seat was lost by the coalition. Ultimately that led to the ousting of the Kennett government.

The bill is the first step in rebuilding regional Victoria and reinforces the government's commitment to develop the whole of Victoria for all Victorians. The Regional Infrastructure Development Fund Bill seeks to attract business and industry investment to regional Victoria to boost the economy and create jobs. It will do so by providing capital works funding.

Clause 4(1) establishes a trust fund in the public account. Over the next three financial years clear,

transparent and accountable funding of up to \$170 million will be allocated for infrastructure development in regional Victoria.

Clause 5 defines the broad purposes of the Regional Infrastructure Development Fund, which are unashamedly pro-regional Victoria:

- (i) the improvement of transport within regional Victoria ...
- (ii) the development of industries in regional Victoria;
- (iii) the development and improvement of tourism facilities in regional Victoria ...
- (iv) providing regional Victoria with access to education and information technology;
- (v) generally benefiting or supporting the development of regional Victoria;

Clause 5(2) also clearly states that the minister responsible for the Regional Infrastructure Development Fund:

... must not authorise the payment of any amount of \$2 000 000 or more ... except with the approval of the Treasurer.

The schedule to the bill lists the councils of regional Victoria that will benefit from the fund.

As the honourable member for Geelong Province, I am delighted to see represented the three councils that constitute my seat — that is, those of the City of Greater Geelong, the Borough of Queenscliffe and the Surf Coast Shire. Geelong Province will benefit directly from the Regional Infrastructure Development Fund. During the election campaign the then opposition, now the government, announced three projects in the Geelong Province that will be funded directly from the fund: \$12 million to upgrade the central activities district of Geelong; a 50 per cent subsidy to fund the linkage of the key wharves of the Port of Geelong to the national standard rail gauge; and \$1.5 million to subsidise the construction of the gas pipeline to the north Bellarine towns of Portarlington, Indented Head and St Leonards. All the projects have been greeted with great enthusiasm by the City of Greater Geelong and by industry, business and residents.

I shall concentrate on one of the projects — the gas pipeline that will go to the north Bellarine towns of Portarlington, Indented Head and St Leonards. For a long time those towns have wanted access to gas because they have to rely on electricity or expensively priced bottled gas. They received little support from the honourable member for Bellarine in the other place and

the other honourable member for Geelong Province, Mr Cover.

Almost two years ago the active members of the Bellarine North Natural Gas Committee applied for a grant from the Kennett government but were given short shrift by Treasurer Stockdale. When speaking in the other place the honourable member for Bellarine was again the bearer of bad tidings to the residents of Portarlington, Indented Head and St Leonards.

Hon. Bill Forwood — On a point of order, Mr Acting President, the honourable member is clearly reading her speech. Why doesn't she get up and give a proper speech?

Hon. M. M. Gould — On the point of order, Mr Acting President, the honourable member is not reading her speech; she has a bill in her hand to which she is referring.

Hon. M. A. Birrell — On the point of order, it is clear from watching the honourable member that she has written her speech and is reading it. One is not allowed to do that. It is as simple as that. No-one is allowed to read a speech. If we are not, you are not. It is part of the confidence that one is meant to build up in the house. That is the way it operates.

Hon. C. C. Broad — Give her a go.

Hon. M. A. Birrell — You're not meant to read a speech.

Hon. C. C. Broad — Do you think that what she has to say may hurt you a bit?

Hon. M. A. Birrell — I do not care what your views are; she should not be able to read it.

The ACTING PRESIDENT

(Hon. C. A. Strong) — Order! The rules are clear in that members are not to read their speeches. One should be careful to only refer to notes because it is not permissible to read speeches. The honourable member should continue without reading the speech.

Hon. E. C. CARBINES — I am referring to copious personal notes. The Kennett government was not prepared to assist the residents of Portarlington, Indented Head or St Leonards; it turned its back on them. The Bracks Labor government knows the benefits of natural gas to the north Bellarine towns and is prepared to assist the residents to achieve amazing benefits for residential development. It will assist Ann Nicol House, the major aged care provider in Portarlington. The government hopes that business will

also decide to invest in the north Bellarine townships as a result of the gas pipeline extending to the area.

Last week in Portarlington I launched the Villages of Bellarine project. The business representatives and local residents who attended were keen to talk to me about the gas pipeline. They were excited by the project and believe that it will revitalise the townships of Portarlington, Indented Head and St Leonards.

Last week the honourable member for Geelong in the other place and I addressed a business luncheon in Geelong. We met with industry and business representatives who were enthusiastic and keen to know about the Regional Infrastructure Development Fund and to work with the government for the benefit of Geelong and regional Victoria.

I have met with the mayors of the three municipalities of the City of Greater Geelong, the Borough of the Queenscliffe, and the Surf Coast Shire. They, too, are interested in the Bracks Labor government's commitment to regional Victoria and are excited about the prospect of working with the government.

The Regional Infrastructure Development Fund is unashamedly pro-regional Victoria and will deliver substantial ongoing benefits for the whole of the state. It deserves the support of every member of the house, especially opposition members who claim they care about regional and rural Victoria. I commend the bill to the house.

Hon. R. A. BEST (North Western) — It gives me pleasure to support the bill because, as most honourable members would appreciate, any move to direct money specifically towards country Victoria needs to be supported, and country members will support the provision of those funds.

The essential function of the bill is to establish a fund comprising some \$170 million provided through a trust. Clause 5 explains where the funds are to be spent. Clause 5 is a catch-all component. It talks about capital works funding relating to transport, industries, tourism facilities, education and information technology, generally benefiting or supporting the development of regional Victoria.

Clearly the opposition has major concerns about the way the clauses are written and the checks and balances provided in the establishment of the fund. One of my concerns is that there is no restriction on who can apply for funds. It can be a statutory body, an incorporated company, a council or whatever. The legislation is not clear on who can apply for funds.

Hon. S. M. Nguyen interjected.

Hon. R. A. BEST — I am talking about who the recipient of the funding is, not about who is allocating the funds. Please read the bill. I am concerned that the fund is not restricted to country Victoria. Projects to which the bill might apply have been talked of previously. One was a road commencing in the metropolitan area and extending through to a country area, so the fund is not specifically for rural and regional development but for metropolitan development as well. Councils are not mentioned in the bill.

The bill therefore raises a number of questions. Firstly, where the money will be spent needs to be established. That is where the bill loses its country focus, particularly its focus on rural and regional Victoria. The bill also needs to clarify what areas of country Victoria will be recipients of the funding and how they will qualify for it.

I was not sure about it because of the way the Labor Party has structured the fund. I started looking through the Labor Party policies, particularly those for some of the regional centres, because much of the focus and comment from the Labor side of the house is about how money will be spent in regional Victoria. I went to the document entitled *Labor and Geelong — a new partnership* to study the policy that was created for the residents of Geelong. On page 3 I discovered some of the mischief that the Labor Party is up to. The document states:

Labor will establish a Regional Infrastructure Development Fund to ensure that Geelong receives a fairer share of infrastructure funding. We will ensure that capital expenditure will be spent in proportion to the population.

The formula the government has created for rural and regional Victoria is that where the population is will be where it will spend the money.

Hon. R. F. Smith — That is a long bow!

Hon. R. A. BEST — That is opposite to the line you have been putting throughout country Victoria. I am referring to your document, *Labor and Geelong*. I can read it again if you like. It states:

Labor will establish a Regional Infrastructure Development Fund to ensure that Geelong receives a fairer share of infrastructure funding. We will ensure that capital expenditure will be spent in proportion to the population.

So Labor is talking not about rural Victoria but about regional Victoria. It is discriminating against country areas and small towns, and that is absolutely hypocritical. Labor has been caught by its own rhetoric. It is trying to be all things to all people. Members

opposite have brought themselves undone because they are exposed.

There is also a partnership between Labor and Bendigo. My home town is Bendigo, an area shared by my colleague Mr Bishop. I point out that the Bendigo economy, like that of Sunraysia, is booming. A recent KPMG study identified the three fastest growing areas in Victoria as, firstly, Mildura; secondly, Melbourne Central and thirdly, Bendigo. Bendigo and Mildura are expected to enjoy an annual growth rate in excess of 6 per cent per annum through to 2005–06. That could not occur if the capital investment and infrastructure funding had not been provided.

As Mr Bishop outlined previously, Mildura and Bendigo are experiencing unprecedented growth in infrastructure funding and in development. Admittedly the wine industry is taking off and has developed very quickly over the past five or six years, but the development in horticulture along the whole Murray area is the thing. Workers have been brought from Newcastle to fill job vacancies in Swan Hill. The development board in Swan Hill has done a deal with BHP to get those workers into Swan Hill.

One of the great dilemmas that country Victoria is faced with is that some areas are booming and others, particularly those with broadacre industries, are not doing as well. If the Labor government has made a commitment to establish a fund of \$70 million to \$100 million I will support it, but I ask that it not discriminate against country people according to where they live. The government should be fair with its funding.

Hon. C. A. Furletti — Needs, not greed.

Hon. R. A. BEST — That is a good point, Mr Furletti. It is based on needs, so if the whole house agrees that we should look at ways in which we can support country districts there will be bipartisan support. Every member in this place who represents a country area can explain some of the problems and difficulties country people face.

I want to refer to small hospitals. The former government provided \$3 million worth of funding for an upgrade of Wycheproof hospital. Some \$3 million was provided to Robinvale. One of the best public hospitals in the whole of country Victoria is at Boort.

Hon. R. F. Smith interjected.

Hon. R. A. BEST — That is absolutely true, Mr Smith, because we are not privatising the hospitals. We are buying the services, unquestionably, and I

would be interested to hear a comment from somebody from Gippsland to tell me how the Latrobe hospital is going. Some \$40 million was spent upgrading the services and capital works at the Bendigo base hospital, so do not give me that generalist approach of, 'You're closing down hospitals' because it is inaccurate. Name for me one hospital that has closed down. In fact one of the things that happened under the previous Minister for Health is that \$2 million worth of funding was provided for bush nursing centres and bush nursing hospitals.

For the first time the previous government would have granted funding to those bush nursing centres and hospitals. I refer to Labor's 'Labor and Bendigo — a new partnership' policy document. It is the government's document and its word. It states that:

Labor will:

within 100 days of attaining government, complete a feasibility study into the upgrade the Bendigo–Melbourne rail line with the objective of working with the private sector to achieve an 80-minute service to Melbourne as quickly as possible.

Hon. G. R. Craigie — How many days are left?

Hon. R. A. BEST — Forty-six days. Not only do we need to worry about counting but the Minister for State and Regional Development in the other house said, 'No, we have only given an undertaking to commence the study. We are not talking about completing the study but about commencing it'. It was a slight slip of the tongue but the Labor Party is condemned by its own rhetoric and words. The other statement in the second paragraph is that:

Labor will:

ensure a better deal in road funding to upgrade link and arterial roads in the Bendigo region and ensure that the Calder Highway duplication to Bendigo is fully complete by 2006.

Hon. W. R. Baxter — What is the honourable member for Gisborne doing about that?

Hon. R. A. BEST — Thank you for the line, Mr Baxter. It just so happened that off the back of a truck fell a letter from the Calder Community Action Group.

Honourable members interjecting.

The ACTING PRESIDENT

(**Hon. C. A. Strong**) — Order! The Honourable Kaye Darveniza is interjecting out of her place.

Hon. R. A. BEST — I refer to the document because we should understand that what Labor says and

does are two different things. I refer to the October–November 1999 newsletter which was produced after the election, in which it states:

The new state government has undertaken to re-examine a freeway route option to the east of Mount Alexander. New members in the seats of Gisborne (Joanne Duncan) and Bendigo East (Jacinta Allan) and Bob Cameron, the re-elected member for Bendigo West (now Minister for Local Government and Minister assisting the Minister for Transport on roads) are aware that the freeway issue was a contributing factor in the 17 per cent swing to Labor in the Harcourt area, of which they were beneficiaries.

The CCAG lobbied Labor's shadow roads minister (Pat Power) as well as Bob Cameron and Joanne Duncan prior to the state election, securing from them a commitment to revisit options which they agreed had been deleted from the planning process prematurely. Pat Power went on the public record, saying that an extra \$50 million in funding to build the road away from the area was justified.

The newsletter quotes an article in the *Weekly Times of 12 May* which states:

We believe a relatively small increase in the budget would be enough for a much more appropriate route to be chosen outside the valley.

The consequences are that the \$50 million, the source of which is uncertain, is to be accounted for. But the Labor Party's policy on Bendigo says the duplication of the highway will be completed by 2006. Recently I have raised in the adjournment debate the fact that the Labor Party has insisted all routes be revisited and that the two routes east of Mount Alexander should be re-examined.

In addition, the government says it is prepared to undertake engineering and design investigations. Anyone who knows about such matters knows that creates the potential to put the project back three or four years.

On the one hand, the Labor government wants to provide funds for regional infrastructure development but on the other hand, for its political popularity, it wants to stall the process.

The Shire of Mount Alexander has been adamant that if it were to be realigned, it would like the realignment of the Calder Highway to be as close to Castlemaine as possible so the town can develop. On the one hand the government wants to extend the process, but on the other hand it wants to commit \$50 million — although nobody knows where it is to come from. The cruncher is that the government wants to remove infrastructure from a town which, through its efforts, wants to generate regional development.

The government says, 'We want to take it to the other side of the highway'. On the one hand, the Labor Party is all over the place; on the other hand, it is financially irresponsible.

Hon. J. M. Madden interjected.

Hon. R. A. BEST — Don't laugh, Minister. I hope that one day you realise that the house is a serious forum, that you are a minister of the Crown. You are acting like a clown, Minister.

Honourable members interjecting.

The ACTING PRESIDENT

(Hon. C. A. Strong) — Order! The Honourable Ron Best will address his remarks through the Chair.

Hon. R. A. BEST — The 'Labor and Bendigo — a new partnership' document also states that:

Labor will:

provide capital funds to upgrade the West Bendigo basketball stadium, Queen Elizabeth oval, aquatic centre, Camp Reserve in Castlemaine, Bendigo's Chinese Museum precinct as well as upgrading Castlemaine's library and theatre facilities.

On my estimation of the figures provided through the Labor Party and its policy for the \$50 million promised by Pat Power for the Harcourt bypass, should it be needed, the government has made \$74 million worth of promises from a possible \$170 million fund spread over four years. The fund contains no money, yet the government has promised \$50 million next year, \$50 million in the following year and \$70 million in the final year. Forget about Geelong and other regional areas: commitments for Bendigo alone would use about \$74 million of the fund.

The final issue I raise concerns another hypocrisy of the Labor government. Not only is it an example of hypocrisy but is also an example of inept ministerial accountability because last Thursday an announcement was made in Bendigo about Sprayline. I refer to the front and third pages of the *Bendigo Advertiser* of last Friday, 3 December 1999. Under the headings 'Regional jobs lost to city' and 'City taking jobs from regional centres' it states:

A company which relies on government road-building contracts has announced it will close its five regional offices and replace at least 10 country jobs with four Melbourne jobs.

But Bendigo West MLA, Bob Cameron, who assists the transport minister, Peter Batchelor, on roads, said the Sprayline company did not come under the government's control because it had been privatised.

Hon. R. F. Smith — Who said that?

Hon. R. A. BEST — I have a Vicroads organisation chart. Guess what?

Hon. W. R. Baxter — Sprayline is owned by Vicroads?

Hon. R. A. BEST — Yes. It was corporatised but not privatised. It competes, like everybody else, for government funds.

For the Minister assisting the Minister for Transport regarding Roads, a minister of the Crown, not to know the companies that fall under his jurisdiction is appalling. I have written to the Premier on the issue, and I have written to Colin Jordan, the head of Vicroads. Mr Craige told me that Vicroads ran the issue past the then minister 18 months ago, and he said no. The Minister for Transport signed off last Tuesday. He was rolled by the bureaucrats, so he has been caught out! On one side the government's rhetoric is very good, but in practice, when it comes to living up to its word and understanding government policy, it is all at sea. It is an absolute disgrace.

The former Partnerships for Growth program was an outstanding opportunity for small retail communities to upgrade public halls. The annual report of the Department of State and Regional Development, under the heading 'Enhancing Community Assets', a program under the Partnerships for Growth initiative, states:

Provision of matching funds by local councils in response to particular needs within the community. For example, Loddon shire has upgraded 10 of its community halls, most of which are in small, isolated communities where the hall is an integral part of the social life of the town. Buloke shire has undertaken three water recycling projects to 'green' community areas within three towns by an innovative water recycling program that will benefit the towns for generations to come.

There is the stark example between fact and rhetoric.

Hon. G. R. Craige — Fiction.

Hon. R. A. BEST — On the subject of fiction, the Labor Party wins hands down. Although the bill is a farce, anything that assists country Victoria is welcome.

Hon. P. R. HALL (Gippsland) — I welcome the opportunity to make a brief contribution to the debate. During my time in the house I do not think I have missed one opportunity to advocate loudly and strongly for something that will benefit the living and working conditions of country Victorians. I contribute tonight, as I have done throughout my time in the house. Regardless of whether Victoria has a Labor government — which was the case when I first came to the house — or a coalition government, as was the case

during the past seven years, or a Labor–Independents government, I will continue to contribute. I have not always won the arguments I have put forward; some have been lost. However, significant gains have been made.

I turn to some broad areas. In education in recent years there have been some dramatic improvements in the quality of infrastructure and education in country Victoria. Two new schools have been built in my electorate in recent years, and almost every school in my electorate has undergone major maintenance work.

What did the Labor Party say about education in country Victoria? Its only reference was to the 158 closed schools. What rot! I do not have time to go through the arguments tonight, but I will be happy to debate the issue any time during a substantive motion. Schools have been closing for years and years under both Labor and coalition governments. If people talk to the parents of children who have been moved to new schools, they will find they are absolutely delighted with the educational outcomes that have been gained. It is not satisfactory to add a throw-away line of 'schools have been closed'. The educational advances for students from the majority of school closures have been immense.

I turn to infrastructure and roads. In recent years an enormous amount of funding has been allocated for road duplication of major highways and for bridges in country Victoria.

On the issue of hospital funding, the Latrobe Valley has a brand new \$55 million hospital. As Mr Best invited me to do during the debate, I am happy to stand up and tell honourable members and the people of Victoria what a magnificent hospital it is. One may have ideological objections to its being owned by private operators, but it is owned by private operators operating it as a public service to the people of Gippsland. It is a fabulous first-class facility. Anyone who has been to the hospital will verify that statement.

I could refer to some of the major infrastructure improvements in industries in my electorate, such as Bonlac, Amcor at Maryvale, National Foods in Morwell, Rosedale Leather, Planthard in Morwell or the private prison in Fulham. They are just a few examples of the developments undertaken by the previous government in the past few years in country Victoria.

Some \$1.3 billion worth of water infrastructure improvements were initiated by the coalition government. I mention that because it is most annoying

to find evidence again in the second-reading speech that Labor continues to put down country Victoria. The second-reading speech reveals that government members are at it again tonight. There is not one positive word about country Victoria in the second-reading speech.

The government claims that the opposition is being political. The political rhetoric and the way the government has approached the second-reading speech are deplorable. People living in country Victoria get sick of the government trying to run them down all the time, and that is what annoys me. The government is using the issue as a political football.

I am suspicious that the Regional Infrastructure Development Fund is just another political ploy by the Labor Party to try to con country Victorians. However, I will put my suspicions aside tonight. If the fund delivers just one significant project to country Victoria that would not normally fall within the departmental budget programs, I will be happy to support it.

I shall now deal with the magnitude of the fund. Claims have been made about \$170 million being spent over the next three financial years. No money is allocated for the next six months, then \$50 million, \$50 million and \$70 million are allocated in three consecutive years. The second-reading speech mentions a Victorian Farmers Federation submission. I read the VFF submission made to both the Labor and coalition parties. If my memory serves me correctly the submission argued for \$500 million over the next three years. That is approximately three times the amount proposed by the Labor Party in the second-reading speech associated with the legislation. The figure is not even mentioned in the legislation.

I am unsure what impact the fund will have. If the Labor Party wants to be fair dinkum about regional infrastructure investment, it could afford to spend a lot more than \$170 million over the next three and a half years. After all, the former coalition government left the new government with what it claims to be a surplus of approximately \$1.7 billion in the current account budget, which the former government reverted from a \$2 billion deficit seven years ago. With \$1.7 billion surplus in the budget, \$170 million is a fairly pitiful amount. If the government is fair dinkum about improving infrastructure in country Victoria, one would think that the amount contributed to country Victoria would have been substantially more.

Much has been made of the commitments already given on spending infrastructure funds. I shall comment on the commitments made for Gippsland Province. One of

the promises is \$10.5 million for the development of an educational precinct in the Latrobe Valley. As it turns out, I chaired the working party that has worked on that issue for the past two years. We had good cooperation from the honourable member for Morwell in another place, the Minister for Agriculture. The minister served on the committee and we worked together very well.

The minister would know that that project has never been costed. We were working towards the inclusion of secondary schools with tertiary education institutions resulting in a real education precinct for secondary and tertiary education. Suddenly out of the blue came a Labor Party commitment to spend \$10.5 million by relocating some technical and further education courses and Gippsland Group Training to the Monash University campus in Gippsland. Guess what? Gippsland Group Training knew nothing of the proposal. The TAFE council, of which I am a member, knew nothing about the relocation of some courses to Monash Churchill. How that figure was determined and in conjunction with whom, nobody knows. I suggest there are many more similar examples.

Another promise concerned a \$2 million contribution towards an energy park in the Latrobe Valley. As I said before, I welcome any funding commitments in my electorate.

However, it has not been publicly mentioned that the real cost of developing such an energy park, determined by a consultancy undertaken by the La Trobe Shire Council, is \$25 million. A magnanimous contribution of \$2 million from the state government will be a big effort to achieving the energy park concept in the Latrobe Valley. I wonder how the government determined that \$2 million was an appropriate contribution.

There are other issues such as rail freight standardisation, but as it has been canvassed by other speakers I will not comment further.

Honourable members have referred to the lack of guidelines. The minister's second-reading speech states that guidelines are being developed. It would be nice for us, the legislators who have to agree on legislation tonight, to know a little more about the detail: what sort of projects will qualify; what are the criteria; and who will make those assessments? It would be nice if we had some guidelines on which to base our judgment on the legislation tonight.

Many worthwhile projects have not been canvassed in any of the public debate, the second-reading debate, or in the contributions made by members that I think

would fall into regional infrastructure development. Natural gas has not been mentioned, although I note the Honourable Elaine Carbines mentioned that natural gas for the Bellarine Peninsula was to be funded through the Regional Infrastructure Development Fund. I make a preliminary bid for natural gas to South Gippsland. After all, Gippsland is the area where our natural gas comes from. If you can have it on the Bellarine Peninsula, I do not see any reason why it cannot be taken to South Gippsland and parts of East Gippsland, although the eastern gas pipeline may assist in bringing natural gas to parts of East Gippsland. I welcome a future contribution from the government through its Regional Infrastructure Development Fund for natural gas in south and east Gippsland.

Another issue that is worthy of mention is that of the Snowy River and the improved water flows that are being sought. I strongly support this and have for a long time. I made a personal submission to the inquiry arguing for a return of 28 per cent of the original flow below the Jindabyne Dam. I get increasingly annoyed that people do not understand what the 28 per cent means. It means 28 per cent natural flow immediately below the Jindabyne Dam. The Snowy River at this stage still has 50 to 60 per cent of its original flow at Orbost and at the mouth of the river at Marlo. A 28 per cent flow is required at the upper reaches to improve the flows right through the Snowy River.

There has been debate about how much it will cost to achieve water savings. The minimum figure of \$100 million has been floated as Victoria's contribution. Now it seems Victoria will be required to make greater contributions, if we can believe what Mr Carr, the Premier of New South Wales, wants to see achieved. It will be interesting to see what develops from the negotiations between the state governments, but whatever the outcome, it will cost well over \$100 million to achieve the Labor Party's promised return of water to the Snowy River. I welcome that, but once again, where will the funding come from? Will it come from the Regional Infrastructure Development Fund?

Although I am happy to support the bill, I repeat that I think \$170 million is an absolute pittance, particularly when the previous government committed \$1200 million alone in water infrastructure. Also, when one takes into account that there is a \$1.7 billion budget surplus, \$170 million is an absolute pittance. When one considers that the Victorian Farmers Federation argued for a minimum of \$500 million over three years, the contribution promised by the state government seems rather miserable.

I will support the amendments that will be moved by the opposition. Without commenting on them at this stage, there needs to be a strong accountability mechanism built into the whole system. The opposition will support the bill on the condition that those accountability mechanisms are built into the legislation.

Hon. W. R. BAXTER (North Eastern) — I do not think I am an uncharitable person, but I have to describe the legislation as fatuous. It is both silly and unnecessary. It is unnecessary because there is nothing in the bill that empowers the government to do anything that it cannot already do under the powers of the Premier and Treasurer and the departments. It is an unnecessary piece of window-dressing. It is silly because it has already built up high expectations around country Victoria which will sadly be dashed. As Mr Hall has just explained, the \$170 million is a mere pittance compared with the expectations that are being built up.

Further, I am concerned at the dishonesty that has been displayed by the government and many of its supporters in promoting the legislation — for example, the second-reading speech is a dishonest document. It demeans the house to have a minister read a second-reading speech which is simply a politically dishonest document.

I refer to a couple of examples. The mantra that has been parroted by the Honourables Kaye Darveniza and Elaine Carbines in their contributions tonight is the reference to the closing of hospitals. When the minister read that line in the second-reading speech, I challenged her to name one that had been closed. Tonight I challenged Ms Darveniza and Mrs Carbines to name one, and they both pressed on in an embarrassed manner because they were not able to name one hospital that has been closed.

Similarly, the parroting about schools being closed was well dealt with by my colleague Mr Hall. The reason schools close over time is part of demographic change. Does the government honestly believe it will keep open a school that has no children available to go to it? It is simply dishonest to allege that the state infrastructure, once created, is set in concrete forever and a day, regardless of whether it is needed in the future.

It is also dishonest to continue with the allegations that the previous government did nothing about infrastructure investment in country Victoria. It reminds me of that well-known propaganda ploy, that if you keep on repeating the big lie often enough, eventually people believe it. That is exactly what is happening in Victoria. Labor members of Parliament and Labor

acolytes parrot this mantra that the former government ignored country Victoria, and people begin to believe it, despite the fact that just on one example —

Hon. Kaye Darveniza — It is true.

Hon. W. R. BAXTER — Ms Darveniza says it is true. I illustrate to her, as I am sure she already well knows, the tremendous investment in water infrastructure in country Victoria made by the previous government. In terms of any infrastructure provision, it was the biggest single investment in the history of the state. Government members talk about the neglect of country Victoria in terms of infrastructure. In 1992 when the Kennett government came to office there was a \$650 million backlog in school maintenance around country Victoria. The Kennett government rectified that in its term of office. In the last year of the Kennett government more money was spent on schools in the North Eastern Province than was spent in five years by the former Labor government. Yet this mantra is perpetuated that the government did nothing for country Victoria.

Reference has been made to roads. I will not enumerate all the road projects that the former government initiated, except to remind the house that it was the Kennett government that introduced the Better Roads program and committed 33 per cent of funds to country Victoria despite the fact that only 28 per cent of Victorians live outside the metropolitan area. There was a positive weighting in favour of country Victoria.

Another concern I have with the bill is that it will lead to substitution. Government departments that normally have the carriage and responsibility to make infrastructure investments will not do so. Mr Bishop gave the example of the Mildura courthouse. Because the government has established the Regional Infrastructure Development Fund bureaucrats will refer development projects to the Minister for State and Regional Development. They will say, 'They have plenty of money, let them look after it'. Departmental expenditure will be used for pet projects. The net result will be that there will be no extra infrastructure fund money; it will just come out of a different bucket.

The minister's second-reading speech referred to cattle underpasses. I am proud of the assistance given to farmers and local government to ensure that the program proceeds, because I had something to do with its introduction when I was a minister. That is a classic case where substitution will occur. Vicroads will say that it should not spend any money on cattle underpasses because the Department of State and

Regional Development can do it. The net result will be the same; the money will come from a different bucket.

I believe the fund could be used for one-off projects that do not fit easily into the programs of other departments. Cobram is a most progressive country town with considerable development occurring. Mr Birrell, when a minister, visited the town and opened a factory. The Minister for State and Regional Development has visited the town to open one of Mr Birrell's success stories. Cobram is dissected by an open irrigation channel that is partly piped by a siphon across the hospital ground. It is a relic of earlier irrigation days when Cobram was a small town, but it is inappropriate that the channel remain. It is a safety hazard for young children. It abuts the kindergarten and severely restricts development of the hospital site because it is unable to be built across.

The channel ought to be removed, particularly as the siphon needs refurbishment at the cost of \$500 000. It would be stupid to spend that money on infrastructure that is no longer appropriately located. The irrigators are prepared to pay more than \$500 000 to shift the channel, and the shire is prepared to allocate some money, but another \$250 000 is required. That seems to be the sort of project the infrastructure fund could well assist, because that expenditure does not fit neatly into any other departmental budget. It is a unique one-off circumstance. It does not require a large amount of money, but it could deliver significant benefits to that local community and also provide scope for further expansion and a generation of jobs in Cobram.

That is how the fund could be used, but I sound a warning that from what I see throughout my electorate and from the visits the Minister for State and Regional Development has made since the election — and to his credit he has visited the area on three occasions — he and his staff are building up expectations which will not be met if \$170 million is the limit of the funding. I am sure there will be many disappointed people in regional Victoria. What appears to the government now and during the election campaign to be a smart ploy will blow up in its face unless the fund is managed much better.

Hon. PHILIP DAVIS (Gippsland) — Unlike my general attitude when contributing in this house to debates on different legislation, it is with some sadness I speak on the Regional Infrastructure Development Fund Bill. It is one of the most disgraceful pieces of legislation that has come before the house in terms of the fraud and sham it places on the expectations of people in country Victoria. The expectations of people in regional Victoria are high because they are deluded

by the expectations promoted during the recent election campaign and subsequently by the promotion of the establishment of the Regional Infrastructure Development Fund.

As previous speakers have said, the proposal will bring the government undone. This is the Victorian Economic Development Corporation revisited. It is a slush fund because it will be controlled by and be at the discretion of the Minister for State and Regional Development who will have absolute control over the fund. The question arises in the context of the discussions occurring this week about the arrangements about fundraising for the Labor Party. Is it the case that this slush fund will be used to attract and reward those who contributed to the coffers of the Labor Party. I seek a response from the government on that matter because it is clear that the accountability provisions are lacking.

Will the Minister for State and Regional Development have total discretion without purview of proper process in respect of discretionary expenditure of up to \$2 million, apart from having to receive a tick from the Treasurer? It is clear that the cabinet ministers who have supported the legislation have brought disgrace upon themselves. Although it is inevitably the case that the opposition will have to support an amended bill, it is clear that it will be on the basis of trying to assist the government to meet the unrealistic expectations that were raised.

To put into perspective how unrealistic the proposal is, I give one simple example from the 1998–99 state budget. The Hallam bypass has been allocated funding of \$175 million, and that is for only one infrastructure project. This crowd on the other side suggest that \$170 million over three years, with no funds being allocated before 30 June 2000, will be sufficient funding. It is a disgrace, a fraud and a sham. The minister should be ashamed for introducing the legislation. It will go down as a black day for the minority Labor government because inevitably it will be brought to account.

To illustrate what a measly proposal it is, I refer honourable members to the operating budget for the state of Victoria set out in the 1998–99 financial report showing the revenue and expenditure. Mr Theophanous would understand that the expenditure allocation is less than the revenue received, but the expenditure of the state totals \$23.6725 billion.

Expenditure proposed for the state of Victoria is miserable in contrast with the numerous capital works projects completed to date. For example, over the past year of \$170 million raised by the Better Roads levy

\$90 million has been spent in rural Victoria — that is, \$90 million in one year, not over three years.

To give another perspective, following the floods in East Gippsland the state government contributed \$61.2 million to recovery, including \$10 million for roads and bridges and \$16 million for river management works. The list is extensive.

I reiterate those facts to show that the government simply does not understand rural Victoria. It does not understand the needs of the communities and the expectations it has irresponsibly raised that will not be met. The only way those expectations will be met is by putting in place the sort of under-the-counter arrangements that existed under the VEDC and the last Labor government.

This day will go down in history. The coalition will remind the government of this day with every shonky deal it makes. The opposition intends to amend the bill to ensure proper accountability measures are in place — not to protect the government from itself but to protect the state's taxpayers.

The amended bill will inevitably be supported by the opposition because it is necessary to ensure rural communities are assisted and the expectations raised by an irresponsible government are met. Labor will be held to account. The house will condemn the government for its action this day.

Hon. I. J. COVER (Geelong) — In making a few remarks on the bill following the excellent contribution of the Honourable Philip Davis, I will pick up on the themes expressed by him and by the Honourable Bill Baxter, who spoke immediately before him. They referred to the funding provided in the bill and mentioned in the second-reading speech and said what a wonderful boost that will be for regional and rural Victoria!

Hon. T. C. Theophanous — Thank you.

Hon. I. J. COVER — You espouse the attitude reflected in the bill but I remind you that regional projects have been going on for many years, particularly under the Kennett government.

Hon. B. C. Boardman — Did Geelong get its rowing centre?

Hon. I. J. COVER — I will get to that after I make some comments in response to the contribution of the Honourable Elaine Carbines. She mentioned that she was down in Portarlington launching the Villages of

Bellarine project. I must comment on how beautifully she read her speech at the launch.

Hon. E. C. Carbines — At least I was there!

Hon. I. J. COVER — Mrs Carbines says that at least she was there. I was there, too, even if I did not speak. I was also there on a previous occasion when the honourable member was not present — that is, four months ago when the former minister Mark Birrell announced the great Villages of Bellarine project. It is tremendous to see it will be put in place. It is an example of the regional infrastructure development that was already being undertaken in Victoria. I was pleased to be there some four months ago when the announcement was made by the Honourable Mark Birrell, and I was pleased to be present on this more recent occasion as well.

Hon. T. C. Theophanous — You didn't get to speak on that occasion, either!

Hon. M. A. Birrell — I didn't use speech notes.

Hon. I. J. COVER — The Honourable Mark Birrell gave a great speech because he had such a good grasp of his portfolio. That comment will stand me in good stead for who knows what!

I was present when Mrs Carbines said that people were excited about the prospect of gas coming to the peninsula, particularly to Portarlington and Indented Head.

Hon. E. C. Carbines — You got it right this time.

Hon. I. J. COVER — I will save my response to that comment for an occasion when I have longer to reply — say in my contribution to the address-in-reply debate. The Honourable Phil Davis has provided the angry contribution tonight, and I will not add to that. While people are excited about the prospect of gas coming to north Bellarine, people all over Geelong Province are excited by the prospect that gas might be connected to their area, with project funding sourced from the Regional Infrastructure Development Fund. In the area I live in — —

Hon. E. C. Carbines — You haven't lived there for long.

Hon. I. J. COVER — I confess I have lived at Barwon Heads for 18 months. In 1963 I moved to Highton, a suburb of Geelong, and lived there for 15 years and I lived in Ocean Grove for four years.

Hon. G. R. Craige — How old are you? You must be 100!

Hon. I. J. COVER — I am obviously younger than I look.

I quote from page 4 of the circulated copy of the second-reading speech — I have numbered the pages; as pointed out by the Honourable Geoff Craige, they were not numbered:

... the government will seek further proposals that will enhance the development of regional and rural Victoria ...

Detailed guidelines for submissions for funding under the Regional Infrastructure Development Fund are being prepared and will be published for the information of all Victorians. They will of course be distributed to all members of Parliament so that they can encourage communities in their electorates to apply for funding.

Many community representatives are lining up for the forms. They are waiting for them to arrive in my office so they can apply for funding for projects. They will be lining up for a while because the expectation is now greater than the excitement mentioned earlier.

I will add to a couple of points made by the Honourable Philip Davis about how much has been spent on infrastructure funding. The Regional Infrastructure Development Fund will have \$170 million to allocate over the next four years — as if there were never any money spent on regional infrastructure before! In their contributions the Honourables Kaye Darveniza and Elaine Carbines trotted out the mantra about hospitals and education. I shall give a couple of examples from Geelong. In recent times the Kennett government spent \$30 million on the Geelong hospital, which was basically rebuilt. That is hardly closing down a hospital. Some \$40 million was spent on new developments and major upgrades of schools in the Geelong region. That work amounts to \$70 million.

While I welcome the announcement on page 1 of the Labor policy that \$12 million from Labor's Regional Infrastructure Development Fund will be used in revitalising the Geelong CBD area, I point out that that will follow the \$15 million injected into the waterfront for the Steampacket Place project by the Kennett government, which has been the single most significant boost to Geelong in decades.

That project revitalised the waterfront which in turn has been the catalyst for more than \$200 million of private investment. It has reached \$85 million, which is half of the infrastructure fund. As Mr Best pointed out — —

Hon. S. M. Nguyen — You're repeating his speech.

Hon. I. J. COVER — No, I am not repeating his speech; I am reading from your policy document, page 3 of which states:

We will ensure that capital expenditure will be spent in proportion to the population.

One of the biggest problems I have had over the past three and a half years is my colleagues giving me a hard time about Geelong getting more than its proportion of funding per population. If the amount of the fund spent in Geelong is in proportion to the population, Geelong will receive a reduced amount.

Another example is similar to that described by Mr Philip Davis when he talked about the Hallam Bypass costing \$175 million. In the May state budget the previous government committed \$118.5 million for the upgrade of Geelong Road. All members welcome that commitment of expenditure. It proves that infrastructure spending was already eating up funds in a big way. If the previous government had had a \$170 million infrastructure fund over four years we would have been hamstrung and restricted in what it could have done.

Now people will be lining up to apply for funds, of which \$100 million has been spoken for. I look forward to people applying to the Regional Infrastructure Development Fund to reignite the former government's proposal to duplicate the highway from Geelong to Colac, which would take care of about \$135 million, and the duplication of the road from Geelong to Ballarat and to Bendigo. Some \$1 billion had been promised for road projects. One cannot get better infrastructure than building roads around the state because they in turn create jobs.

The \$12 million I have already mentioned, which is welcomed, will be spent on the Geelong central activities area. The minority Labor government has already pulled \$9.4 million of capital works out of Geelong. That had been committed by the previous government for the Geelong international water sports complex on the Belmont Common.

Hon. Andrew Brideson — Supported by the council.

Hon. I. J. COVER — As Mr Brideson says, the project was supported by the council, six votes to three. One cannot get a more democratic approach than that. I look forward to discussing other matters in the committee stage, with particular reference to Geelong.

Motion agreed to.

Read second time.

Committed.*Committee*

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

The CHAIRMAN — Leave is granted.

Hon. N. B. LUCAS (Eumemmerring) — Mr Chairman, I seek your guidance. I wish to raise an issue about the councils included in the schedule referred to in clause 3. Should I raise it under clause 3?

The CHAIRMAN — The schedule will be dealt with at the end of the committee stage of the bill.

Clauses 1 to 4 agreed to.**Clause 5**

Hon. G. R. CRAIGE (Central Highlands) — I move:

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

I wish to lay down the basic principles of both the opposition amendments. As the government seeks to set up a statutory fund under legislation, it is appropriate that statutory accountability be put in place. There is no need for the government to pass the bill. It chose to introduce it.

The proposal to omit the sum of \$2 000 000 or more will result in approval from the Treasurer being required before any payment is made from the fund and is not unusual. Other legislation that establishes funds requires that the Treasurer must approve the payment of such amounts.

It is important to note that this is a significant measure that deals with regional infrastructure in a development fund. I reiterate that the opposition is merely adding to something that the government chose to introduce.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — As has been outlined in the debate, the government's view is that clause 5(2) provides a mechanism for payments where the minister is making decisions. The second-reading speech makes reference to guidelines that will be published and a committee to make recommendations to the minister that will include representatives of the most significant departments in the area — that is, the Department of Infrastructure, the Department of State and Regional Development and the Department of Premier and Cabinet.

The second-reading speech also refers to the input from the proposed Infrastructure Planning Council in making those decisions. To look at other precedents, the Community Support Fund was used as something of a guide in drafting the bill. There is no such requirement in regard to that fund for decisions of this nature to be referred to the Treasurer. Another example relates to secretaries of large departments where there are financial delegations of up to \$1 million for contracts for services, provided they comply with the government tendering process. There is no limit for ministers, provided that the amounts being signed off on are budgeted for.

It is the government's view that in the light of those precedents and others which could be brought into the discussion, it is entirely appropriate, on the basis of the advice referred to in the second-reading speech and in accordance with the provisions set out in clause 5(1)(a) which deals with the application of the fund, that the minister should be able to authorise payments as specified in the bill of amounts up to \$2 million without reference to the Treasurer.

It is clearly the case that if the amendment is agreed to, it will add significantly to the administration and therefore the costs of administering the fund, which would diminish the funds available to be distributed.

It is the view of the government that it would be a huge overkill to require that every decision, no matter what the amount involved, should be referred to the Treasurer. It is clearly out of kilter with many other areas of government and is not acceptable to the government.

Hon. BILL FORWOOD (Templestowe) — I thought that the minister in her contribution mentioned the word 'tender'. Is it intended that these projects will be tendered for?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I was referring to examples of other processes in government where secretaries of departments and ministers by way of financial delegation are able to make decisions on significant amounts of money without reference to the Treasurer. I did point out that the process for applying those funds would be by tender. The process is clearly set out in the bill and the second-reading speech.

I referred in my remarks a moment ago to the development of guidelines which are to be published. A committee is to be established to make recommendations. There will be input from the proposed Infrastructure Planning Council. I did not at

any point in those remarks suggest that this would involve a tender process.

Hon. BILL FORWOOD (Templestowe) — Did you mention the word ‘tender’?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe I have explained that by way of example. I was talking about secretaries of departments and ministers in tendering processes having financial delegations of up to \$1 million in the case of secretaries of departments and, in the case of ministers, an unlimited capacity to sign off.

Hon. BILL FORWOOD (Templestowe) — I suggest that there is a difference between a bureaucrat signing off after a tender process of \$1 million or less and a situation where a fund is established under which the minister can hand out any amount from say, \$5000 to under \$2 million without a tender process at all.

Hon. G. R. CRAIGE (Central Highlands) — The minister referred to the Community Support Fund as an example used in the establishment of the Regional Infrastructure Development Fund. Let me inform the minister that the Community Support Fund is not a statutory body; it has no statute. Therefore had the government chosen to set the infrastructure fund up like the Community Support Fund there would not have been any need for the bill at all. I believe that the reference to the Community Support Fund leads the minister and the government absolutely nowhere. Had the government chosen to set it up like the Community Support Fund we would not be here today debating the bill.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — If Mr Craige believes the Community Support Fund has no relevance to this bill he might like to advise the shadow minister in the other place, who made some reference to these matters in the other house.

Hon. G. R. Craige — He referred to them, all right, but not in this context.

Hon. C. C. BROAD — In a number of contexts.

Hon. G. R. Craige — Not in this way.

Hon. C. C. BROAD — Again, by way of example, the government’s view is that the amendment is inappropriate and unnecessary. It will add to the cost of administering the fund and it is not employed by other funds, including the example that I used earlier. If the opposition wishes to press on with the amendment,

clearly it has the capacity to do so, but I point out that it is not acceptable to the government. I believe the examples I have used are perfectly appropriate to demonstrate that in other instances ministers are able to sign off on similar amounts and it is perfectly appropriate that the minister should do so for this fund.

Hon. G. R. CRAIGE (Central Highlands) — The minister has now referred on several occasions to the additional costs associated with the amendment of referring a matter to the Treasurer. Could she enlighten this house on her evaluation of that additional cost? Could she inform the house of what work the government has done? How much does a letter from the minister to the Treasurer cost, and what other cost is the government taking into account for this? The government is allegedly arguing that there are significant costs. Could the minister explain to the house now what work has been done to establish the alleged significant cost?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I guess the opposition can drag this out for as long as it wants, but I believe commonsense will dictate that if every single application has to be referred to the Treasurer for his approval and for advice from his department, that will add to the administrative burden of the fund and detract from the funds which are available to apply to the purposes for which the fund is being established.

Hon. M. A. BIRRELL (East Yarra) — It is only when you explain it that it becomes totally implausible. Is the minister suggesting that the administration of the fund is paid for out of the fund?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — It is indeed the case that the administration of the fund will need to be funded from the allocation to the fund, so to the extent that the opposition imposes onerous and extraordinary amounts of administration on that fund it will impact on the funds available for distribution.

Hon. M. A. BIRRELL (East Yarra) — That opens up an area that is a surprise to me. Can the minister explain to the house how the government seeks to extract money out of the fund to pay for the administration? Will she make an application to the fund? What is the mechanism to get the money out of the fund — or is she just making it up along the way?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — Had we gone back to some of the clauses which have already been

agreed to in the establishment of the fund when this had been an issue perhaps it could have been raised.

Hon. M. A. BIRRELL (East Yarra) — No, you raised it. This is your argument. You said the fund will pay for the administration. Tell us how.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I refer to the earlier clauses which established the fund. Clause 1 states:

The main purpose of this Act is to provide for a fund to be called the Regional Infrastructure Development Fund to be established in the Public Account as part of the Trust Fund.

In response, the purpose of the clause is to indicate how the fund is set up and how funds are to be appropriated to the fund.

Hon. M. A. BIRRELL (East Yarra) — I seek an explanation. The minister has introduced an argument the opposition has not heard about or seen in the second-reading speech, that somehow the government will take money from the fund, apparently without any approval mechanism and, it alleges, use it for administration purposes.

Is it a fatuous argument that the cost of sending a letter to the Treasurer for his approval will come from the available funds? Where is any mechanism available for the government to take moneys from the fund? How will the money be extracted, given my understanding that the only way you can get money from the fund is to have your application approved? Is there some other way to get the money from the fund than by applying and having its removal approved?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — Before I was interrupted I was referring to clause 1, which explains how the funds are to be provided.

Hon. M. A. Birrell — That is the purpose clause.

Hon. C. C. BROAD — That is correct. That flows to clause 5 dealing with the application of the fund. Clause 5(1)(b) states that there shall be paid out of the fund amounts authorised by the minister:

... for the payment of the costs and expenses incurred in the administration of this Act and monitoring and reporting on the financial operations and financial position of the Fund.

I believe that is self-explanatory. That, in conjunction with the purposes clause, makes it perfectly clear how the fund will be established, how the funds will be provided and how the costs and expenses will be paid

for out of the fund. If it is not clear to the Leader of the Opposition, I ask him to please ask another question.

Hon. M. A. BIRRELL (East Yarra) — I will. Is the minister advising the committee that an application will need to be made to use the funds to employ the public servants to administer the fund? Is the minister suggesting, as a result of there being accountability mechanisms, that she will have to employ more staff to secure that accountability?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — As I said, the government's view is that what is provided for in the bill as it stands and what has been set out in the second-reading speech will allow perfectly adequate monitoring, reporting and accountability with the necessary flexibility not to make it an overly bureaucratic and overadministered fund. If the opposition, through its amendments, seeks to further increase, as I have outlined, the costs and expenses that are necessary to comply with the bill, that will impact on the fund, as is set out in the clause.

Hon. M. A. BIRRELL (East Yarra) — It is more than likely that the cost would amount to a 45 cent postage stamp, although the application or letter could be hand delivered. I am interested in whether the minister has any evidence of any increased costs, given that it will be standard operating procedure within the Department of Treasury and Finance to monitor the fund anyway, and particularly if the monitoring is not asked for. In addition, it would be sound and prudent practice for the department running the fund to have a close relationship with the relevant officers in the Department of Treasury and Finance who are monitoring the fund. That is axiomatic.

Therefore, I cannot imagine any expense, apart from the cost of the letter being typed, sent and delivered. It would probably be done on perhaps a quarterly or monthly basis. Is the minister seriously suggesting there is anything other than loose change involved in the extra expense? That goes back to my earlier question: is the minister suggesting that extra public servants will be hired to meet the accountability requirements, or is it a lot of hot air?

Hon. T. C. Theophanous — On a point of order, Mr Chairman, on two occasions I have been on my feet and you have not given me the call when the minister has not risen in her place. The normal process of the committee stage is that the member standing and asking for the call from the Chair should get that call. The minister has not risen and has not indicated she wants to speak on the point. The same thing occurred earlier.

I ask you, Mr Chairman, whether you have put in place a different process whereby you decide who to call according to whether a member has risen in his or her place, or whether you will abide by the usual process so the member will get precedence over somebody sitting down who has not asked for the call.

The CHAIRMAN — Order! On the point of order, if a question is asked of the minister she has every right to respond. She had indicated the need to respond. That is why I gave her the opportunity. There is no point of order.

Hon. T. C. THEOPHANOUS (Jika Jika) — I do not understand why the opposition seems to be going on a fishing expedition. The Leader of the Opposition's initial question asked which clause was relevant. It is not a piece of legislation with many clauses; it has only five clauses.

The suggestion was there was no provision in the bill for the fund to be administered. When it was finally pointed out that clause 5(1)(b) contains provision for the payment of the cost of administration, Mr Birrell shifted to a series of questions about whether there would be additional costs as a result of the amendment moved by the opposition.

Hon. M. A. Birrell — Which has been alleged by the government.

Hon. T. C. THEOPHANOUS — The amendment seeks to not even set a lower limit. It does not change the amount from \$2 million to, for example, \$1 million; it says 'any amount'. It would have been better had the previous government adopted the same standards when it used public funds in handing out credit cards. Ministers spent thousands of dollars without reference to anybody — —

Honourable members interjecting.

The CHAIRMAN — Order! Mr Theophanous is straying well off the bill.

Hon. T. C. THEOPHANOUS — Amendment 1, which the committee will clearly not agree on, is too constraining. The amendment means that additional costs would result if even \$5 was spent. It is hard to estimate what the costs will be, but they will need to come from the fund.

That is the point the government is making. On that basis honourable members on this side of the chamber cannot support the opposition's amendment.

Hon. W. I. SMITH (Silvan) — Because neither the amendment nor the bill has any transparency about how the funding will apply, what criteria is in the bill or the amendment for allocating funding for regional infrastructure projects?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I take that as a question about the clause under consideration which deals with the application of the fund. I could read clause 5 to the committee but I do not think it is necessary because members have a copy of the bill in front of them. Clause 5(1)(a) sets out how the fund is to provide financial assistance, and subparagraphs (i) to (v) set out how the funds will be applied. I have already mentioned the second-reading speech, which refers to guidelines that will be developed and published, the establishment of a committee that will recommend to the minister how the guidelines will be applied, and input from the soon-to-be-established Infrastructure Planning Council.

The government believes it is perfectly appropriate that the relevant minister should be able to make decisions on the basis of the published guidelines and advice received, notwithstanding the incorrect advice from the other side of the house about the Community Support Fund. The detail seems to be required under the Gaming Machine Control Act, which has been in operation for a long time and under which the previous government saw fit to have decisions made by ministers without reference to the Treasurer. It is the government's view that the amendment is unnecessary and the clause should stand as it is.

Hon. BILL FORWOOD (Templestowe) — On a number of occasions in the minister's explanation she refers to the detailed guidelines being prepared. As I understand the process, a fund will be established and the minister will have the capacity to hand out amounts below \$2 million, but as yet the committee does not know what the guidelines will be. It does know that there will not be a tender process and that the minister will have sole authority to hand out amounts under \$2 million. Perhaps it would help honourable members to understand what the government intends if the guidelines are made available to the house.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I have already indicated that the guidelines are being developed and will be published for any applications sought from the fund. It is simply not correct to say that the opposition has no idea how the funds will be applied. I again turn to the body of clause 5 which states:

... to be used to provide financial assistance for or with respect to capital works relating to any of the following matters

The clause sets out the matters in subparagraphs (i) to (v). During the second-reading debate the house heard lengthy contributions about the importance of subparagraph (i), which concerns the improvement of transport within regional Victoria. It also heard about subparagraph (ii), which concerns the development of industries. Subparagraph (iii) refers to the development and improvement of tourism facilities, and so on. Before we get to the point of guidelines being applied, clause 5 clearly sets out how the fund is to be applied by the minister.

Hon. BILL FORWOOD (Templestowe) — Do you anticipate there will be more applications for the fund than the \$170 million would cover? If applications total more than \$170 million will there be a process to allocate the funds? Perhaps in those circumstances the committee could have some idea about how the whiteboard system will operate. If the draft guidelines were available there would be less concern on this side of the house.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — As I said by way of example, the Community Support Fund seems to have managed to get by very well without having guidelines in operation before it was established. I add that the government members have more confidence than opposition members in the departments which, so far as they can tell, professionally administered the funds, including the then Department of State Development, without any difficulties. That has been recognised by the Auditor-General in the departments that will provide advice to the minister before he considers any applications after they have been through the vetting process.

Hon. W. I. SMITH (Silvan) — Based on the Victorian Economic Development Corporation experience of the Labor government, and the second-reading debate on the 1981 legislation, which is not dissimilar, and the fact there are no disciplined guidelines on the spending, I pose various questions. Will the minister give funding to businesses? Will he give it to projects? What is the criteria? There must be some guidelines in the minister's mind. Why not explain the guidelines?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — In addition to what is set out in the bill and the second-reading speech, the government intends to require that the guidelines should specify that submissions require

formal support from the councils listed in the schedule — I understand the committee will deal with that later — and/or regional organisations representing the councils. The applications can come from businesses, the private or public sectors, or from individuals. The crucial matter before applications will be considered is that they have the support of the councils that constitute regional Victoria, as set out in the schedule, so that the funds will be applied in a manner that will benefit the development of regional Victoria as the bill clearly intends.

Hon. W. I. SMITH (Silvan) — Are you therefore suggesting that the local council input is a major criterion in your project funding?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe I said that the government's intention is that the guidelines being developed will require that applications have the support of one or more of the councils set out in the schedule and/or regional organisations that represent those councils as a prerequisite to getting to stage 1.

Hon. W. I. SMITH (Silvan) — If you have in mind a prerequisite with local government, you must therefore have in your mind other prerequisites. What other prerequisites besides local government will be a major part of the criteria?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — In addition to what is set out in the bill and in the second-reading speech, that is the only additional point that has been provided by way of advice from the minister that will be built into the guidelines. As I said the guidelines are being developed and they will be published. It is the government's intention that the guidelines being developed should require, in accordance with the intention of the bill, that the fund is to be applied for the benefit of regional Victoria, and that applications to the fund should have the support of regional Victoria as a prerequisite, and that that should be demonstrated either by support of one or more of the councils listed in the schedule or by way of support of a regional organisation representing those councils.

Hon. W. I. SMITH (Silvan) — If the government is using local government as a prerequisite and a commercial investment as infrastructure, why is it not considering a bank guarantee backing up a business as an investment in an infrastructure project?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I would fully expect that the committee, which is outlined in the

second-reading speech and which will be assessing applications, will carefully consider the financial viability of any application. I expect that any council or regional organisation, before putting forward such an application for support, will also be concerned to examine those areas. However, regardless of that, the committee, to which I have referred and which is referred to in the second-reading speech, will provide advice to the minister, and representatives from the departments of Infrastructure, State and Regional Development, and Premier and Cabinet will look at those areas and more.

Hon. W. I. SMITH (Silvan) — Can the minister explain how the application is different from that of the former Victorian Economic Development Corporation?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — The bill is not about the Victorian Economic Development Corporation. I have no intention of spending time in committee going over the history of the VEDC. If the opposition wishes to do so, it is perfectly open to do it. I prefer to concentrate on the bill.

Hon. I. J. COVER (Geelong) — I refer to the guidelines. The minister has made frequent references to the minister's second-reading speech. On page 3 of the second-reading speech the minister states:

During the recent state election campaign the now government announced a number of major infrastructure initiatives to be provided through the Regional Infrastructure Development Fund. These include —

rail, the dairy industry, the wine industry and electricity. What guidelines were used by the government for those initiatives, given there are no guidelines organised for when the fund comes into place? In addition, the minister mentioned that a committee will do the assessment. As part of its assessment, will the committee examine those commitments made by the government during the election campaign to see whether they stack up and fulfil the objectives of the fund?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — The commitments the Bracks Labor government took to the election and which are referred to in the second-reading speech stand as commitments that the government has every intention of implementing. That does not in any way detract from the matters that I have referred to about the establishment and administration of the fund. The projects that the government has committed as being provided for by the fund when it is established will have to go through the processes that are required

under the bill — and which are referred to in the second-reading speech — and to fully comply with the guidelines that are to be published and applied by the committee.

Honourable members interjecting.

Hon. Bill Forwood — We do not have the guidelines.

Hon. C. C. BROAD — The government's expectation is that the government organisations involved will ensure that they put those projects through the necessary processes and meet the requirements. That will occur as soon as the fund is established.

Honourable members interjecting.

The CHAIRMAN — Order! Interjections across the chamber will cease.

Hon. I. J. COVER (Geelong) — I wish to refer to a specific example of those initiatives that are contained in the campaign policy. This statement was also made in the second-reading speech:

Education — major commitments to new education and technology infrastructure in the key regional areas of Ballarat, Bendigo, Geelong and the Latrobe Valley.

I have been through the policy document, which ran to some 15 pages, and the only mention I found of education in Geelong was \$7.5 million for a secondary school at Lara, which I imagine will be funded by the Department of Education as opposed to the Regional Infrastructure Development Fund. Can the minister provide some detail?

Hon. T. C. Theophanous interjected.

The CHAIRMAN — Order! Mr Theophanous is not in his place.

Hon. I. J. COVER — He is being very rude, Mr Chairman.

Honourable members interjecting.

Hon. I. J. COVER — Will the minister give some detail about the major commitments to educational infrastructure in Geelong?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — That is a matter on which I will have to seek further advice.

Hon. I. J. COVER (Geelong) — It is in the second-reading speech and great play has been made

about how the fund will be applied. Examples have been given, and I was seeking to get some detail of one of the examples. I would have thought the minister would have more command of the detail and the guidelines used to make the commitment for education in Geelong, on which I am yet to get some detail.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I understand perfectly well what the honourable member is requesting. I have some information but for the sake of clarity and accuracy I would like to confirm it. I will come back to it.

Hon. I. J. COVER (Geelong) — This is not an adjournment debate. A bill is before the committee with proposed amendments that will be voted on at some stage. To make an informed decision on the approach honourable members take, as much detail as possible should be provided by the minister.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — It seems that it is normal practice for the minister at the table to be able to seek clarification.

Hon. G. R. CRAIG — Absolutely, there is no problem about that.

Hon. C. C. BROAD — That is all I am doing.

Hon. G. R. CRAIG — We are after an answer. You made a statement and said the information was there. We have asked the question.

Hon. M. A. BIRRELL — It is all right for the minister to take time.

Hon. C. C. BROAD — Mr Chairman, if the opposition is not prepared to move on to other areas while this is clarified, because I do not intend to respond until I am assured of the accuracy, we will report progress and return to the bill later.

Progress reported.

FREEDOM OF INFORMATION (MISCELLANEOUS AMENDMENTS) BILL

Second reading

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

That this bill be now read a second time.

The Freedom of Information (Miscellaneous Amendments) Bill implements the government's pre-election commitment to promote open and accountable government, together with its commitment to the Independents charter to rebuild the Freedom of Information Act.

As a policy, freedom of information is grounded in the following fundamental principles of a democratic society:

the individual's right to know what information is contained in government records about himself or herself;

that a government open to public scrutiny is more accountable to the electors; and

where people are more informed about government policies, they are more likely to be involved in both policy-making and government itself.

The Freedom of Information Act was first introduced by a Labor government in 1982 as part of its commitment to open government. Over the last seven years, the previous government made numerous amendments to the act, the result of which has been to narrow the operation of the act and restrict the right of Victorians to access government documents. The aim of this bill is to reinstate the act as a fundamental cornerstone of open and accountable government.

The bill proposes to rebuild the act by:

narrowing the exemption for cabinet documents;

narrowing the exemption relating to commercial confidentiality;

removing the \$170 appeal fee at the Victorian Civil and Administrative Tribunal (VCAT) for deemed refusals;

compelling ministers to explain to the house the reasons for appealing from a VCAT decision to release documents; and

removing recent changes to the act that prevent access to documents that identify any person, including public servants, named in those documents.

Cabinet confidentiality

The bill narrows the exemption for cabinet documents by removing the exemption for documents that are merely presented to cabinet without having the status of a formal cabinet submission. It is the intention of the

bill that documents now prepared for submission to cabinet should be in the form of formal cabinet submissions. Any attachments to a submission would need to be relevant to that submission and not merely attached in order to attract an exemption.

Commercial confidentiality

The Freedom of Information Act provides an exemption for a range of information relating to business, commercial or financial matters that is obtained by government agencies from business organisations. This exemption has been employed in the past, under the guise of commercial confidentiality, to prevent disclosure of documents that should be open to public scrutiny.

The bill narrows the ambit of this exemption. Under the proposed amendments, documents will be exempt only if disclosure of information relating to business, commercial or financial matters would be likely to expose a business organisation unreasonably to a disadvantage. This narrower exemption will operate in conjunction with the government's policy commitment to post all contracts for the delivery of services to the community on behalf of the government on the Internet. This will ensure that Victorians are aware of and better able to scrutinise business undertakings entered into by the government.

Excessive costs for appeals

The previous government whittled away access to information by introducing extra fees and charges. The government is committed to reducing excessive costs for appeals to ensure that the mechanisms in the act remain accessible to Victorians. This bill removes the fee charged for reviews of deemed refusals. Deemed refusals are where a government agency either fails to respond to a request for access to documents or fails to respond within the required time limits, requiring an applicant to go to VCAT to obtain access to the documents. Currently, an application to the tribunal seeking review of a deemed refusal attracts a fee of \$170. This fee, which was brought in by the previous government, will be removed.

The government has promised to cap appeal and application costs for freedom of information requests for the term of the next Parliament.

Ministers' accountability

As part of its commitment to accountability, the government promised to require ministers to explain to the house why the public interest is served by the government appealing from a decision by the tribunal

to release documents. The bill requires the relevant minister to make a brief statement of reasons as to why they are appealing to the house within seven sitting days from when a summons for leave to appeal is filed with the court.

In addition, the bill requires a brief statement of the reasons for appeal to also be published in the *Government Gazette* within 10 days after the summons for leave to appeal is filed with the court.

Personal information

The previous government recently amended the act to exempt from release documents that identify any person, including public servants. A person wanting this information is forced to apply to VCAT, incurring additional costs in the process. The amendments were said to be in response to the tribunal's decision in the Coulston case.

Not only have the amendments unjustifiably narrowed the operation of the act, the amendments have also created an administrative nightmare for government departments and agencies, which have been required to painstakingly examine documents the subject of a request in order to delete identifying information relating to a person.

The bill repeals those amendments, contained in part IIIA of the act. In conjunction with repealing part IIIA, the bill clarifies that 'information relating to the personal affairs of any person' as contained in section 33 of the act includes identifying information of any person, such as the person's name or address. Recent VCAT rulings have raised doubts as to whether information relating to the personal affairs of any person includes the names and addresses of persons. The bill gives guidance on this issue.

The government recognises that there will be instances where the release of identifying information may be inappropriate — for instance, where a person's life or physical safety may be at risk. The bill requires a decision-maker, in deciding whether disclosure of a document would involve the unreasonable disclosure of information, to take into account in addition to any other matters whether the disclosure of the information would, or would be reasonably likely to, endanger the life or physical safety of any person.

The bill seeks to further protect the personal privacy of individuals by including a process for notification of reviews regarding documents affecting personal privacy. If an agency or minister refuses to grant access to a document that is exempt under section 33 of the act and an application for review of the decision is made to

VCAT, the bill requires an agency or minister, if practicable, to give written notice of the application for review to the person to whom the personal information relates. The notice must inform the person of their right to intervene in the review and request the person to inform VCAT within a specified time whether or not the person intends to intervene.

Where a person to whom the personal information relates does not intervene and VCAT orders that access be granted to the document, the bill requires VCAT, if practicable, to give notice of the order to the person. The bill further provides that VCAT's order does not take effect until 28 days after the day on which it is made.

Transitional provisions

To ensure that the amendments operate fairly, the bill contains detailed transitional arrangements. In particular, applicants who have applied under part IIIA will not have to pay any additional fees in the resolution of those cases under the new law.

These amendments to the act form part of a package of reforms being developed to implement the government's freedom of information policy. In addition to these amendments, the package will include changes to the freedom of information guidelines, revised policy and administrative directives for departments and agencies together with training for relevant officers, and amendments to the cabinet handbook. The administrative directives for departments and agencies will emphasise the high priority this government places on adherence to the procedures and time lines as laid down in the act.

With this important package of reforms the government confirms its commitment to restore open and accountable government to the citizens of Victoria.

I commend the bill to the house.

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

Debate adjourned until next day.

REGIONAL INFRASTRUCTURE DEVELOPMENT FUND BILL

Committee

Resumed from earlier this day; further discussion of clause 5 and Mr CRAIGE's amendment:

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

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — Mr Cover referred to the second-reading speech. It states:

During the recent state election campaign the now government announced a number of major infrastructure initiatives to be provided through the Regional Infrastructure Development Fund. These include: ...

Education — major commitments to new education and technology infrastructure in the key regional centres of Ballarat, Bendigo, Geelong and the Latrobe Valley.

Mr Cover's question related to the commitment for Geelong. I refer him to the Bracks Labor government's election policy entitled 'Labor and Geelong — A New Partnership'. The specific commitment states:

A Bracks Labor government will aggressively target call centres throughout Australia to relocate to regional Victoria and in particular Geelong and Bellarine with the objective of 500 new call centre jobs in the area by 2003. Labor will allocate \$1 million over the next four years from the Regional Infrastructure Development Fund to market regional Victoria as the natural destination for relocating call centres.

That indicates the commitment for Geelong.

Hon. P. A. KATSAMBANIS (Monash) — I seek specific clarification about the operation of the guidelines. The house has heard a lot about the proposed guidelines that the government intends to introduce. Despite the fact that the creation of the Regional Infrastructure Development Fund was a platform of the government's election policy, the guidelines have not been disclosed to the public. Furthermore, they have not been tabled in the house and no explanation has been given of them. One can come to the fair conclusion that the guidelines are no more than a figment of the imagination of the minister and the government — it is to be hoped they will materialise in the future — or that they do not exist, even in draft form, otherwise the minister would have some knowledge of them.

Given that the Labor Party has a significant history of using funds inappropriately — for example with the Victorian Economic Development Corporation — I seek clarification of the guidelines as they apply to clause 5.

Will the financial assistance as proposed in clause 5 relate to one-off capital grants or extend beyond such grants to the provision of equity interests in the businesses, facilities or capital works? Will the risks faced by the taxpayers of Victoria under these funding arrangements be limited to grants approved by the minister, with or without guidelines?

Is there a likelihood under the types of structures and arrangements that may be introduced that the risks borne by the government and therefore the taxpayer may extend beyond the capital allocation and may lead in the future to a commitment on behalf of the taxpayer that could be in excess of that which could be approved at the time of the application?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I reject the assertion that the guidelines are some sort of fiction. They are clearly set out in the second-reading speech as a commitment. In addition to the commitment to develop them, there is also a commitment to publish them, which is more than the previous government did when administering funds for which it was responsible.

In relation to the application of the funds and the objectives to which the funds must be applied, clause 5(1)(a) states that the funds to be paid out are to be used to provide financial assistance for or with respect to capital works. There is no reference to equity or the other straws the honourable member was casting to the wind. The funds will be applied to capital works.

Hon. P. A. KATSAMBANIS (Monash) — Can I take it that the minister gives her assurance that the funds as applied under the bill will not give rise to any equity interest for the government or taxpayers in any enterprise undertaken by any of the grand tiers of assistance under the bill?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I have already indicated that clause 5(1)(a) clearly sets out that the fund must be used to provide financial assistance for or with respect to capital works. There is no provision for providing funds in relation to equity. As to the matter of guarantees, it is not clear to me what guarantees the honourable member would seek, apart from a clear undertaking that that provision in the bill does not include any provision for equity. It clearly refers to capital works.

Hon. P. A. KATSAMBANIS (Monash) — I ask the minister to give her commitment that the financial risk to be borne by the government, and therefore taxpayers, under the application of funds through the operation of clause 5 will be limited to the grant approved by the minister under the operation of the bill and that no other risk is likely to be borne by taxpayers over and above that initial contribution by the application of the bill.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — As I have already outlined, clause 5(1)(a) specifies that the fund is

to be applied to capital works and does not relate to entering into other financial risks. The question in terms of any other risks is fairly wide, but in relation to the specific matters the member raised in relation to equity or ongoing financial commitments, I can say that is not provided for in this clause of the bill. Clearly it provides for financial assistance for capital works. That is as far as it goes.

Hon. P. A. KATSAMBANIS (Monash) — The funding arrangements provided by the bill relate to capital works. The fact that the funding arrangements relate to capital works does not in itself necessarily mean that there are no further risks that the government can be exposed to. That can be clarified only if the government provides the committee with the full operating structure of the proposed guidelines. If, as the minister says, the application of the clause itself does not give rise to any risk or financial commitment over and above the initial grant, are there any provisions or is there any likelihood in the bill or in the proposed guidelines that there can be exposure to such risks?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — The honourable member seems to be grasping at straws in imagining all sorts of unspecified risks that he said may arise.

Again I draw the honourable member's attention to clause 5(1)(a), which clearly sets out what the funds are to be applied for — namely, capital works — and then sets out the objectives that those capital works must relate to. The second-reading speech, to which I have referred on a number of occasions, sets out the procedure for applying the funds in accordance with this clause and in accordance with the objectives set out in the clause. The application of funds will be entirely within the clause provided in the bill and within the second-reading speech. It will not go beyond that.

It is not intended that it will be applied for other speculative purposes, such as equity arrangements or whatever else the member might imagine. It is a straightforward application of funds for capital for the purposes set out in the bill.

Hon. R. M. HALLAM (Western) — Further on the issue of the guidelines that the committee has not seen, I refer to the comments of the minister responsible, Mr Brumby, the Minister for State and Regional Development in another place, in which he referred to those guidelines and said among other things that the money would be linked to local government and private sector financing sources. He said that by the time it is geared up — —

The CHAIRMAN — Order! I do not think that the rules allow you to quote directly from *Hansard*.

Hon. R. M. HALLAM — It is important because the minister in another place, who is responsible for this bill, has said that when this funding source is geared up it will generate many thousands, perhaps tens of thousands of new job opportunities for regional Victoria. If, as we might imply from the minister's comments, there is to be a gearing of the funds from this particular trust fund, can the minister give the committee at least some clarification as to the relationship between this fund and matching funds derived from other sectors of government?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — The government and the minister are hopeful that the application of the funds under the bill will lead to the private sector, business and other organisations also committing funds to significant capital works, resulting in a partnership approach to add value to the funds which the government is proposing to commit through the capital works funding arrangement.

If the sorts of projects to which the funds are being committed are to solely involve funds from the Regional Infrastructure Development Fund and not attract funds from business, from the private sector, from other organisations and from the community, it will be somewhat limited in its impact. That is not the government's aspiration for the fund.

In relation to the election campaign and the commitments referred to in the second-reading speech, the government hopes and fully expects funds would be committed by some or all of the sectors to which the honourable member referred.

Hon. R. M. HALLAM (Western) — The government has the opposition at a disadvantage because it keeps referring to guidelines that it is not able to table at this stage. The committee is being asked to accept the bill on the basis of promises.

I ask, more specifically in respect of the comments of the Honourable John Brumby, can the minister at the table give a commitment that an allocation of funds from another tier of government will not be a condition of an allocation from the fund?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — If the honourable member is referring to whether funds to be committed through the Regional Infrastructure Development Fund are additional to funds already being applied through other areas of government, the

commitment was given by the minister and by the government in the course of the election campaign that the funds are additional and that they will not be used to reduce commitments through the budget to infrastructure in other areas of government. If that is the commitment the member is after, that commitment has been given.

Hon. R. M. HALLAM (Western) — With respect, the minister has not addressed the issue I wish to bring to the notice of the committee. The minister who will be responsible for the fund is talking about the process of gearing and refers to funding derived from other tiers of government. I ask the minister at the table whether an application to the fund will be successful dependent on funds being derived from another tier of government. Are we going to have funding from another tier of government a condition precedent to an application to the fund?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — Thank you for the clarification. The answer is no. I referred earlier in my remarks to a requirement that applications be supported in the local government tier, but that support does not require a commitment of funds.

Hon. I. J. COVER (Geelong) — I return to the issue I was raising with the minister earlier. In the intervening period the minister explained to the house that the education commitment was for assistance, as expressed at page 8 of the government's policy document. The marketing of regional Victoria as a natural destination for relocating call centres is mentioned. Are you talking about call centres?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — Are you referring to page 7 of the Geelong policy?

Hon. I. J. Cover — I might have a different page.

Hon. C. C. BROAD — Are you referring to the paragraph that commences, 'A Bracks Labor government will aggressively target call centres'?

Hon. I. J. Cover — Is that the section about partnership with industry?

The CHAIRMAN — Order! The minister might reassert the issue she touched on before in answering the question. We will see where we go from there.

Hon. C. C. BROAD — Clarification is sought regarding the statement in the second-reading speech on education and technology. It refers to Labor and

Geelong acting in partnership. The policy commitment of the Bracks Labor government specifically reads:

A Bracks Labor government will aggressively target call centres throughout Australia to relocate to regional Victoria and in particular Geelong and Bellarine with the objective of 500 new call centre jobs in the area by 2003. Labor will allocate \$1 million over the next four years from the Regional Infrastructure Development Fund to market regional Victoria as the natural destination for relocating call centres.

Hon. I. J. COVER (Geelong) — I was reading the last sentence. The point I sought clarification on earlier concerns major commitments to education as mentioned in the second-reading speech. The minister has advised on the targeting of call centres and possible jobs arising from that. I thought that proposal was under the heading of the second-last dot point in the second-reading speech. Initiatives already announced in the campaign are for information and communications technologies, measures to assist the growth of ICT in two new high-tech town pilot projects and a regional call centre attraction program. The minister is either confused, poorly advised or perhaps both because in her response on education she referred to a regional call centre, which appears to be a different subject.

Hon. G. W. Jennings — Read it again.

Hon. I. J. COVER — It mentions education.

Hon. G. W. Jennings — And technology.

Hon. I. J. COVER — Can the minister indicate whether any commitment is made to education in Geelong in the Regional Infrastructure Development Fund, as expressed in the second-reading speech?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am happy to clarify the matter and I hope that will be the end of it. I am sure the honourable member wishes he had the opportunity to write the second-reading speech, but the second-reading speech reads:

Education — major commitments to new education and technology infrastructure in the key regional centres of Ballarat, Bendigo, Geelong and the Latrobe Valley ...

For Ballarat, Bendigo and Geelong the commitments are to technology, as they are commitments to establishing call centres; for the Latrobe Valley the commitment is to develop an education precinct. That is clear.

Hon. W. I. SMITH (Silvan) — The minister has said the fund amount is \$170 million — which is not a huge amount — and that it is only for capital works and there must be local government agreement. I am having

trouble with the guidelines as mentioned in the response tonight. Would the minister like to give an example to explain the guidelines on what capital works projects will have precedence over other capital works projects in that scheme?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — The honourable member can ask me to speculate on how the funds will be applied, the guidelines will be constructed and the committee will make recommendations to the minister, but I do not intend to speculate on how those matters will develop. The government's view is that the objectives set out in the bill in combination with the commitments in the second-reading speech are perfectly adequate and that advice to the minister will be able to resolve the question of the setting of priorities in assessing competing applications.

Hon. ANDREW BRIDESON (Waverley) — While I applaud clause 5(1)(a)(ii), which provides for the development of industries in regional Victoria, I notice in the second-reading speech that the dairy industry has been specifically allocated \$4 million at this stage. On a point of clarification, why should \$4 million be given to the dairy industry?

Can the minister give some indication of how much it will cost to establish the wine industry centre at Aradale? What about the enormous number of other industries, such as the timber, wheat and wool industries? What other industries does the minister intend to fund?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am happy to clarify the references in the second-reading speech to the announcements made during the recent state election campaign about the initiatives that would be funded through the Regional Infrastructure Development Fund. It clearly says 'these include', so the initiatives referred to in the second-reading speech are clearly examples; they are not in any way presented as part of a comprehensive statement of how the fund will be applied.

I am advised that the wine industry seed funding commitment is \$1.5 million and that the dairy industry commitment is again an example of commitments made during the election campaign that are to be funded through the RIDF.

Hon. ANDREW BRIDESON (Waverley) — It appears that a fair amount of work has been done behind the scenes. The Parliament ought to be informed of everything that has been considered. What other

industries does the government intend funding, and for what amounts? The minister picked out the dairy industry, which is to receive \$4 million, and she has just extracted \$1.5 million for the wine industry. What are the other amounts, and what are the other industries?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe I have already answered that. The commitments referred to in the second-reading speech are examples of specific election commitments that are to be funded through the RIDF. They do not in any way undercut clause 5, which this relates to, in terms of how the fund is to be applied, its objectives, or the process to be followed to determine the applications, which is outlined in the second-reading speech.

Those matters will be dealt with under the guidelines that have been referred to, which will be addressed by the committee that will provide advice to the minister through the relevant departments. The departments are perfectly competent to sort out the priorities which the honourable member is asking about but which need to be addressed through the processes that are set out in the bill and in the second-reading speech.

Hon. BILL FORWOOD (Templestowe) — Will money from the fund be made available only to companies, incorporated associations or government bodies, or will it be made available to natural persons, other organisations or pressure groups.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — As to the precise legal entities that the question seems to be driving at, which will be addressed as part of the process that will be put in place to administer the fund, it is my expectation that the matters relevant to that will be set out by the committee and by the representatives of the government departments to which I have referred. They will also be set out in the guidelines which have been developed and will be published and on which input will be received from the soon-to-be-established Infrastructure Planning Council in terms of the most appropriate requirements to cover the funding of entities through the fund.

Hon. BILL FORWOOD (Templestowe) — Does the minister rule out the possibility of money from the fund being made available to pressure groups?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am not exactly sure what the honourable member is referring to in talking about pressure groups. I prefer the term 'legal entities'. Those are matters that will be set out in the

processes to which I have referred. I do not recognise that there are such entities as pressure groups. Given the way the clause is worded and the second-reading speech is set out, there is clearly no reference to funding capital works for pressure groups, whatever they may be.

Hon. BILL FORWOOD (Templestowe) — Let me come at this from a different direction. In determining the recipients of money from the fund will the minister use the same criteria that are used to determine the recipients of money from the Community Support Fund?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I will have to seek clarification on what they are. At this time I do not have in front of me what is specifically provided for in relation to the Community Support Fund. Either the honourable member can indicate whether he has the information or I can seek the information if that is what he requires.

Hon. BILL FORWOOD (Templestowe) — My recollection is that the funds will be made available for incorporated organisations and similar bodies; they cannot be given to a group of people who walk in off the street. In the absence of guidelines I am looking to narrow it down. That is the sort of assurance the house is looking for — for example, is it possible under the system for the trade union movement to be given funds?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — In the absence of specific information about what is provided for in relation to the Community Support Fund, my answer is that these matters will be set out in the guidelines. As I indicated earlier, the Community Support Fund as established under the act was used as a guideline in drawing up this bill, and what is provided there will be instructive in how the fund will operate. They are matters the government is committed to publishing under the second-reading speech. The most appropriate way of applying the funds will be advised to the committee advising the minister, and the Infrastructure Planning Council will also provide guidelines. If that is a reasonable way to set up the guidelines in relation to the application of funds I expect it will be looked at.

Hon. BILL FORWOOD (Templestowe) — I thank the minister for the attempt at explaining how the guidelines will work, but the issue I raised about trade unions was not covered. Let me expand: when dealing with the issue of whether funds will be made available from the fund to the trade union movement, perhaps the

minister could also consider whether they will be made available to political parties.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — Perhaps we should go back to the fundamentals in discussing the clause. The fundamentals are that the fund must be used for the benefit of regional Victoria. Applications to the fund, as I previously indicated, must be supported by the councils or regional organisations representing them. Political parties and trade unions are not bodies listed in the schedule to the bill, and I do not believe they have any application to the areas set out under clause 5(1)(a) subparagraphs (i) to (v), which indicate the objectives to which these funds must be applied for capital works.

Hon. M. A. BIRRELL (East Yarra) — If a trade union applied to the fund for money for infrastructure works within the municipal boundaries in the schedule would it be able to receive funding?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — As I said in previous answers, anybody can put in an application to the fund — an individual, a company, a community group, or a trade union. No restrictions apply to who might put forward an application. However, for such an application to be considered it must have the support of one or more of the councils listed in the schedule or of a supporting regional organisation, and it must meet the objectives of the fund. It must go through the processes set out in the second-reading speech, to which I have referred on a number of occasions. Only then will applications be considered and recommended to the minister by the committee.

Hon. M. A. BIRRELL (East Yarra) — Now that the minister has made it clear that trade unions can apply for this money, is she indicating that if the bill should become an act trade unions would also be the recipients of the money, or at least could be the recipients of the money?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am not giving any such indication. A wide range of individuals and organisations are entitled to apply for funds under the bill. I have set out the process by which they will be considered and the hurdles they will have to get over to reach first base. It is difficult to envisage how the hypothetical example could possibly fit within the objectives of that fund.

Hon. M. A. BIRRELL (East Yarra) — It would be easy to rule out the extremes and then one would not

have to ask about them. Is the minister saying that the Australian Labor Party can apply for the funds and be a recipient of funds?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am not giving any such indication. All I am saying is that anyone is entitled to make an application as an individual or through a local member of Parliament. I do not expect the Labor Party would be foolish enough to make such an application, but whether the Liberal or National parties would is another matter. I have already indicated the requirement about dealing with applications.

Hon. M. A. BIRRELL (East Yarra) — Is the minister saying that the bill provides that an approval mechanism will go ahead when money is applied for and received by a political party, or will she ensure that under the guidelines such an application would be ineligible?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — If the opposition is seeking an assurance that the guidelines should rule out applications by political parties being accepted, that is an assurance the government can give. The Labor Party certainly would not be making such an application. I would also rule out applications by the Liberal and National parties.

Hon. M. A. BIRRELL (East Yarra) — I welcome that undertaking that under the guidelines political parties will not be able to apply for or receive funds. Will the minister give a similar undertaking about bodies such as the Trades Hall Council?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — The honourable member is seeking to stretch a long ball of string in referring to a whole list of organisations. I shall stick to my previous answers about the objectives of the fund and the processes set out in the second-reading speech about a wide range of organisations making applications. The guidelines will focus on the objectives of the fund on benefits to regional Victoria, which will adequately deal with applications that do not meet those requirements.

Hon. G. R. CRAIGE (Central Highlands) — I seek clarification on the guidelines and their eligibility criteria. The government has already announced more than \$100 million in projects. For example, if a private company is involved in rail standardisation, will every one of those announcements made by the Labor

government have to be assessed according to the eligibility criteria?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — The commitments made by the Bracks Labor government during the election campaign, some of which I referred to by way of example in the second-reading speech, stand as commitments the government fully intends to implement. Where it is indicated that initiatives are to be funded through the RIDF they must go through the processes set out in the second-reading speech — they must meet the objectives set out in clause 5. The government's expectation is that there will be no difficulty in those initiatives going through those processes and meeting the objectives set out in the bill. However, it is important for the purpose of transparency and accountability that those initiatives go through that process, and that is the government's intention.

Hon. G. R. CRAIGE (Central Highlands) — Will all of those announcements by the Bracks Labor government also require formal support from councils and regional organisations?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — All applications to the fund must not only meet the objectives of the fund but also comply with the published guidelines of the procedures for determining applications to the fund. It is the government's intention that applications will be required to have the support of the councils set out in the schedule to the bill and/or regional organisations representing those councils.

Hon. G. R. CRAIGE (Central Highlands) — Taking the rail standardisation example, which stretches over many of the councils listed in the schedule, I assume each council will have to give its support for rail standardisation?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — The view of the government and the minister is that there will be no difficulty about that and many other election commitments, with local councils and regional organisations lending their support as required by the fund.

Hon. M. A. BIRRELL (East Yarra) — Is the minister saying that no moneys from the fund will be allocated to a municipal area without the explicit approval of the surrounding municipal councils?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — For an

application to be considered by the committee that will be advising the minister on the allocation of funds, it must be demonstrated under the guidelines that it has the support of one or more of the councils on the schedule, or of regional organisations representing those councils, which is a different matter from where the funds will be applied.

Hon. M. A. BIRRELL (East Yarra) — Does that mean that if no council supports the proposal it will be ineligible for funding?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe that is a clear implication of what I have said. Given that this fund is being established for the benefit of regional Victoria, it would be extraordinary for it to be used to support projects that were not supported by regional Victoria as defined by the councils listed in the schedule to the bill.

Hon. M. A. BIRRELL (East Yarra) — Given that the government is therefore saying that councils will have a veto over the use of these funds, how will the government deal with the inevitable circumstance where a project is in the public interest, is demonstrably supported by government and the local council is simply wrong?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I do not believe I at any stage referred to anybody vetoing applications. I said that applications, in order to be considered, would need to have the support of one or more of the councils listed on the schedule and/or of regional organisations representing those councils. In the government's view that does not constitute a veto. It simply requires that in accordance with the objectives referred to in clause 5 — that funds applied for should benefit regional Victoria — applicants should demonstrate that they have the support of regional Victoria.

That does not mean the entire list. It refers to one or more of the councils listed on the schedule and/or regional organisations representing those councils. If an application was not able to muster the support of even one of the councils on that schedule constituting regional Victoria, one would quite rightly expect that the committee advising the minister would not want to recommend it.

Hon. M. A. BIRRELL (East Yarra) — I am trying to work out whether they are not wanting to recommend it or you are saying they cannot recommend it. Earlier the minister said the applications

would have to enjoy the support of one or more of the councils and/or organisations. Is that something the government would prefer or is it a requirement?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I previously indicated it is the government's intention that the guidelines for the application for funds should specify that for applications to be considered they would require formal support from one or more of the councils listed in the schedule to the bill and/or from regional organisations representing them.

Hon. M. A. BIRRELL (East Yarra) — Given that formal support has to be offered by one or more councils to receive funds, I ask the minister to reflect on a case which I do not think is hypothetical but which I think is likely? The example is an industry development in regional Victoria where one municipality does not want to give its support for the project because it has a concern about some planning issue. This is an experience I have had in the past. Everyone thinks it is a good idea and, more importantly, the Bracks government thinks it is a good idea. Are you saying there is no mechanism to override the fact that the council may adopt a stance that is contrary to the wishes of the elected government of the day?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — As has been outlined by the government, the Regional Infrastructure Development Fund is in addition to many existing government programs that provide infrastructure to regional Victoria. It is intended that the fund would operate directly for the benefit of regional Victoria in such a way that it has applied a definition used by the previous government to define what constitutes regional Victoria, and that is the list of councils set out in the schedule to the fund.

Accordingly, the most straightforward way of ensuring that funds are applied in accordance with the objectives set out in clause 5 is to require that applications enjoy the formal support of one or more of those councils and/or regional organisations supporting them.

Hon. E. J. POWELL (North Eastern) — The minister is saying there needs to be support from local government for the applications to come forward. If a municipality receives a number of applications, or they come from a municipality, who decides on the priority as to who gets the funding — the state government or the local government?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am not

exactly clear on the opposition's reservation about the role of local government in the fund. On the specific question that has been asked, there is no suggestion that applications will be made to the municipalities. It is envisaged that applications to be considered by the committee advising the minister should enjoy the support of one or more of the councils listed in the schedule and/or of the regional organisations representing them.

There will be nothing to preclude councils providing their support for a whole range of competing applications to the fund. They will not be required to make priorities. That will be a matter for the committee advising the minister, and for the officers represented on that committee.

Hon. R. M. HALLAM (Western) — Can I take that one step further because the minister has skirted around the issue raised by Mr Birrell? She keeps talking about the need for the application to have the support of one or more of the councils. To reframe the question: is she saying that unless an application has that support it cannot, by definition, be successful?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe I have already responded to very similar questions, that given the purposes for which this fund has been established and the objectives under which the funds must be applied, it would be extraordinary to suggest that the committee advising the minister should be putting forward recommendations relating to applications that do not enjoy the support of regional Victoria or any part of it.

I reiterate what I have already indicated: it is the government's intention that applications must demonstrate they have the formal support of one or more of the councils listed on the schedule and/or of the regional organisations representing them.

Hon. R. M. HALLAM (Western) — The minister keeps saying that the circumstances would be extraordinary but, as Mr Birrell pointed out, there are plenty of circumstances that could constitute what has now been described as extraordinary. I therefore invite the minister again to cut through the rhetoric and get to the issue. If the application does not have the support of local government, can she assure the committee that it would therefore not be successful? Is that what she is saying? It is simple — yes or no.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am not required to give yes or no answers. I believe I have

answered the question. Applications will be considered only if they meet the requirement under the guidelines the government will publish. As I have also indicated, this is not the only avenue for the application of funding to regional Victoria for infrastructure. However, in relation to the specific funds for regional Victoria it has been proposed in a way that requires that that support to be forthcoming.

Hon. M. A. BIRRELL (East Yarra) — I want to find out what evidence of council support will be required. Is it a press clipping? Is it a phone call, or is it something like a resolution of the council? What would be the evidence that there is council support as against a belief that a council supports the issue?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I fully expect that the normal approach to applications for government funds would require documentary evidence of formal support. Once again, I do not understand the reservations that the opposition appears to have about local government. The government has had no difficulty in establishing this fund in such a way that it will rely on councils providing suitable evidence. I expect that will be set out more fully in the guidelines to be published, and I expect they will be in accordance with normal government and business practice.

Hon. BILL FORWOOD (Templestowe) — I seek further clarification from the minister on the process of developing the guidelines. Has the committee comprising representatives of the departments essentially involved yet met? Is that the body that is producing the guidelines or is it a separate entity?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am advised that the committee that will make recommendations to the minister, which is referred to in the second-reading speech, has not yet been established and therefore has obviously not met. The guidelines referred to in the second-reading speech are being developed by departmental officers in the Department of State and Regional Development.

Hon. BILL FORWOOD (Templestowe) — Can the minister advise how far the development of the guidelines by departmental officers has progressed and when we can expect to see the draft?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am advised that the minister has given an undertaking that there will be wide consultation on the guidelines, and that once a draft has been developed by the departmental

officers, who seemed to serve the previous minister satisfactorily, they will be subject to wide consultation. I am therefore unable to give a specific date by which that consultation process will be concluded.

Hon. BILL FORWOOD (Templestowe) — The opposition trusts the officers; it is just the date it is concerned about. I guess there are two ways of approaching the matter of wide consultation with whom over what time. The bill is intended to establish a fund of \$170 million and we do not know what the guidelines are.

I should have thought it reasonable for Parliament to have some idea of the guidelines, when they will be received, and who the government will consult. Could the minister please try to narrow down the broad parameters so the committee can have the benefit of some tighter time frame?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — In relation to requests for further details on the consultation, I point out that the second-reading speech also refers to the soon-to-be-established Infrastructure Planning Council. That is one example of the consultation that will be engaged in.

Once the bill is established — if that occurs, with the support of the opposition — the guidelines will be developed as quickly as possible. However, as indicated in the second-reading speech applications will obviously not be dealt with until they are established and published. They will be available for the committee that will be making recommendations to rely upon them.

Hon. BILL FORWOOD (Templestowe) — I understand that a raft of people in rural and regional Victoria are keen to apply to the fund. I suggest that they would like the benefit of the minister's advice about whether they should try to have their applications ready in accordance with the yet-to-be-set guidelines before Christmas, before Australia Day, before Easter — —

Hon. C. C. Broad — Before Christmas!

An Honourable Member — Or Melbourne Cup day.

Hon. BILL FORWOOD — Or Melbourne Cup day. It is not a flippant issue; I should have thought it is fundamental. It seems strange that the bill has been through the processes, including a draft stage, but as yet the committee does not have the guidelines. I

understand that it does not have them; the opposition is really trying to narrow the time frame.

Hon. T. C. THEOPHANOUS (Jika Jika) — I have listened closely to the debate. I understand the concerns of the opposition about the guidelines. However, I shall make a number of points. Firstly, the debate is on an opposition amendment, which has been moved but which has hardly been referred to — —

An Opposition Member — We are debating clause 5.

Hon. T. C. THEOPHANOUS — We are debating the opposition's amendment as well. It seeks to remove certain words from subclause (2). Secondly — this issue seems to have gone by the board — it seems that confusion arises between the clear criteria established by clause 5 and the so-called guidelines for applications to the fund. Clearly, for an application to be successful it must get over the first test, which is clause 5. The clause already outlines that the purposes for which the funds must be applied include such things as the improvement of transport within regional Victoria, the development of industries, the development and improvement of tourism, and so forth. Clearly under clause 5 an application to further the interests of the trade union movement, for example, would be ruled out.

Hon. Bill Forwood — That is in the guidelines?

Hon. T. C. THEOPHANOUS — It is not covered by clause 5, so it does not get past first base.

Hon. R. M. Hallam — How is it knocked out by clause 5?

Hon. T. C. THEOPHANOUS — I fail to see how increased membership of the trade union movement is relevant to the development of industries in regional Victoria, the development of and improvement in tourism and so on. Which one do you want?

Opposition Members — Subparagraph (v).

Hon. T. C. THEOPHANOUS — You are saying that an increased trade union membership would benefit regional Victoria. That is a long bow even for opposition members to try to draw. Debate on the clause includes the criteria set out in the clause itself.

Hon. G. R. Craige — No, that's not what the minister said in the other place.

Hon. T. C. THEOPHANOUS — Whenever legislation of this sort which sets out the application of

a fund is considered, the natural progression is for guidelines to be produced.

Hon. I. J. Cover — Or they're made up later.

Hon. Bill Forwood — You know we could go out to Queen's Hall and draft them now.

Hon. T. C. THEOPHANOUS — The Honourable Bill Forwood knows that when the bill is passed the Public Accounts and Estimates Committee will be keen to ensure the funds are provided properly. The opposition is now taking up the time of the committee in trying to get a hypothetical situation clarified. It is not debating the clause but making up a whole lot of hypotheticals that have little to do with clause 5 because they would be ruled out by the criteria established in clause 5, let alone anything to do with any guidelines.

Hon. B. C. BOARDMAN (Chelsea) — I seek clarification about the expression on page 4 of the circulated second-reading speech. It refers to determining how payments from the fund will be made and uses the words 'flexibility', 'responsiveness' and 'accountability'. Will the minister please expand on what the word 'flexibility' actually means in that context?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe the honourable member is referring to the paragraph in the second-reading speech that commences with 'In determining how payments out of the fund' and concludes with 'accountability'. Is that correct?

Hon. B. C. Boardman — Yes.

Hon. C. C. BROAD — What is intended in that paragraph of the second-reading speech is to ensure there is appropriate accountability in relation to normal practices in the provision of government grants and funds without providing unduly onerous and expensive administration. That is the intention of that paragraph.

The CHAIRMAN — Order! This may be a convenient time for the committee to pause for a break.

Sitting suspended 12.45 a.m. until 1.16 a.m.

Hon. B. C. BOARDMAN (Chelsea) — Prior to the suspension of the sitting I sought further clarification from the minister on the use of the word 'flexibility' in the second-reading speech. The minister responded by expanding on the other terms used in the same paragraph — 'responsiveness' and 'accountability'. I require further information from the minister. When referring to how the payments of the funds are to be

made, where does flexibility come into the disbursement of such payments?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe I have already answered that question.

Hon. B. C. BOARDMAN (Chelsea) — Clause 5(1)(a) uses the terminology ‘financial assistance’, which I am sure the minister would agree is quite broad. ‘Financial assistance’ conjures up varying images. If I take a literal interpretation, does it mean that financial assistance applies not only to grants and similar allocations, but also to loans?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe I have already answered that question as well.

Hon. M. A. BIRRELL (East Yarra) — If the minister has answered the question, I cannot recall it. I would welcome an explanation as to whether it includes loans.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe I dealt with those matters earlier tonight.

Hon. M. A. BIRRELL (East Yarra) — If the minister wants to take longer, she will take a hell of a lot longer. Mr Boardman asked a legitimate question as to whether loans can be made. I do not recall anything by way of information. I may be wrong, but if I am the minister can refresh my memory about what she said earlier. If the minister has given an indication as to whether one can or cannot make loans — which is a pivotal issue — I would like to be advised of that. If the minister has not provided that indication I would like to know where the government stands on the matter. It is of no assistance to refer back to something that no-one can recall.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — Earlier I referred to grants for capital works, and I ruled out a range of other matters — equity, loans, whatever the opposition wants to include.

Hon. B. C. BOARDMAN (Chelsea) — I am not satisfied with the definition of ‘flexibility’. It also conjures up an image where there might be some timing issues relating to the grant. I ask the minister to rule out that grants could be tiered, and that an allocation could be made at one specific time and subsequent allocations made at subsequent times.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — Those are matters that will be addressed in the guidelines.

Hon. B. C. BOARDMAN (Chelsea) — We come back to the mystery guidelines. If the government introduces the fund and it is to operate correctly — using the government’s own terminology, accountably and responsibly — can the minister rule out that a grant for capital works will be a one-off grant and that subsequent grants will not be given to subsequent applications?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I indicated that those matters will be addressed in the guidelines.

Hon. W. I. SMITH (Silvan) — Will the minister assure the committee that the guidelines will be published before any funding is allocated?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I have already given that indication.

Hon. PHILIP DAVIS (Gippsland) — Mr Chairman, I rise because, as was pointed out earlier in the debate by Mr Theophanous, the committee stage is for debate on issues of merit. I have concern about the government’s approach in responding to the issues that the opposition has raised. It is a courtesy in this place for honourable members to have the issues that are of concern to them addressed in the committee stage. It is inevitable that if those matters are not addressed honourable members will not have confidence in the proposed legislation.

The opposition has put forward some amendments and those amendments are before the Chair. Therefore, it is critical that the opposition, having become aware of the attitude of the government, supports the amendments because they deal with accountability and appropriate stewardship of the funds vested in the proposed arrangements in the Regional Infrastructure Development Fund. Therefore, it is my duty to inform the committee that I will be supporting the amendments.

The CHAIRMAN — Order! The question is:

That the words and expressions proposed to be omitted stand part of the clause.

Committee divided on omission (members in favour vote no):

	<i>Ayes, 13</i>
Broad, Ms	Mikakos, Ms (<i>Teller</i>)
Carbines, Mrs	Nguyen, Mr
Darveniza, Ms	Romanes, Ms (<i>Teller</i>)
Gould, Ms	Smith, Mr R. F.
Hadden, Ms	Theophanous, Mr
Jennings, Mr	Thomson, Ms
Madden, Mr	

	<i>Noes, 27</i>
Ashman, Mr	Furletti, Mr
Atkinson, Mr	Hall, Mr
Baxter, Mr	Katsambanis, Mr
Best, Mr (<i>Teller</i>)	Lucas, Mr
Birrell, Mr	Luckins, Mrs
Boardman, Mr	Olexander, Mr
Bowden, Mr	Powell, Mrs
Brideson, Mr	Rich-Phillips, Mr (<i>Teller</i>)
Coote, Mrs	Ross, Dr
Cover, Mr	Smith, Mr K. M.
Craige, Mr	Smith, Ms
Davis, Mr D. McL.	Stoney, Mr
Davis, Mr P. R.	Strong, Mr
Forwood, Mr	

	<i>Pair</i>
McQuilten, Mr	Hallam, Mr

Omission agreed to.

Amendment agreed to; amended clause agreed to.

New clause

Hon. G. R. CRAIGE (Central Highlands) — I move:

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**.”.

I reconfirm the opposition’s position on both amendments moved this evening. The opposition places on the record its view that the amendments are reasonable and simple and will lead to prudent accountability. Proposed new clause A — that is, reporting on payments from fund — can be easily put in place. I assure honourable members and the Victorian public that the Auditor-General will find it easy to complete the tasks listed in the amendment. The process is not complex; it is already carried out in the office of the Auditor-General and it will not be anything new.

Because of the fund’s significance the opposition seeks to include the proposed new clause, which lays out the accountability and the reasons for it. The process is entirely transparent. The government has chosen to introduce the legislation and the opposition has chosen to make the amendments that will ensure the process becomes more transparent to the Victorian public.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — The government’s view is that clause 4 establishes the fund so that it is subject to all the auditing requirements of the Financial Management Act and those requirements are perfectly adequate for the purposes of the fund. The government does not support the new clause.

Hon. G. R. CRAIGE (Central Highlands) — The opposition knows that the minister is fully aware of the operations of the Financial Management Act. As she has them in front of her she would be able to inform the house of all the details required under the Financial Management Act for accountability for such funds. However, the act does not go to the specific details asked for by the opposition.

It is clear that the opposition is asking for reports that identify the applications, the rejection of those applications and the appropriate use of those funds. The Financial Management Act does not deal with those specific issues.

Hon. BILL FORWOOD (Templestowe) — The amendment proposed by the opposition ties in neatly with the amendment the committee has just passed. There needs to be a mechanism by which honourable members can understand the allocation of the fund. My recollection is that last year’s annual report of the Department of Premier and Cabinet at least included

the list of recipients of funds from the Community Support Fund. I ask whether a list of all recipients of money received under this fund will be made publicly available.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — As I have already said, the view of the government and the minister is that the requirements of the Financial Management Act are perfectly adequate. The government does not support the amendment.

Hon. BILL FORWOOD (Templestowe) — In the absence of the amendment, which calls for the information to be made public, what mechanism is available to the Parliament to know who receives the funds?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — The opposition said it will move the amendment and I have already given the position of the government and the minister.

Hon. M. A. BIRRELL (East Yarra) — The opposition is trying to work out why the minister opposes the amendment and why there is something wrong with it. If the minister says that all the information being sought by the opposition will be collated and made available to the public, it would be happy to reconsider the amendment.

There is no need for an amendment along these lines if the information being sought by the opposition is available on the public record. That includes the following questions. Who applies for the grants? Who gets the money? Who does not get the money? What do they do with the funds and the relevant performance plans? If the minister says the information will be made public in some other way the opposition wants to know how.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — In light of the opposition's indication that it is determined to proceed with its amendment, in addition to my previous comments that the requirements of the Financial Management Act are adequate, it is expected that the annual report of the Department of State and Regional Development will show each grant made, including the name of the recipient, the purpose and the amount.

Hon. M. A. BIRRELL (East Yarra) — The opposition has no problem with the fund being established and its being used for the purpose it is believed it will be used for. However, there is no need to create a statutory fund or seek parliamentary

approval when it can be done under the normal executive authority of the minister. Given that the government has explicitly chosen not to follow that conventional route but instead to establish a codified framework for the allocation of funds for that purpose, it is not surprising that the opposition seeks to supplement that notification by also codifying the forms of reporting that are required. If the minister is able to indicate that all the information being sought by the opposition to be put on the public record is to be made available there is no need for the amendment.

The opposition's aim is not to move an amendment but to ensure that the information is on the public record. All the minister has said in her belated response is that what is referred to in proposed new clause A(1)(b), amendment 2, will be on the public record. The opposition also seeks to know whether the public will receive a list of people applying to the fund showing those who were unsuccessful. Will there be a publicly available assessment from an independent source of the relevant effectiveness of the fund? In this instance, it is logical for the committee to choose the Auditor-General.

Hon. T. C. Theophanous — He has got that power anyway.

Hon. M. A. BIRRELL — It is not a matter of whether or not someone has power, Mr Theophanous, it is whether the information is going to be provided on a regular basis, say, once a year. The opposition is not seeking to increase the Auditor-General's power, it is asking that there be an annual report. The opposition does not deny that the Auditor-General has the power to access every document, including cabinet documents, as has been the case in the past. It is trying to work out whether that information will ever become known to the public.

Hon. T. C. Theophanous — Do you trust the Auditor-General?

Hon. M. A. BIRRELL — I trust the Auditor-General and I trust the department. The issue is whether it is going to be published —

Hon. T. C. Theophanous — The minister just said it was going to be published.

Hon. M. A. BIRRELL — The minister did not indicate that; she indicated that one part of one element of what the opposition is seeking would be published. I would have to take it that the minister is saying that all the other parts would not be published. If that is not the case I am happy about it, but if it is the case that the minister is only saying that by the normal course of

events part of this information will be made public on a regular basis in the form in which it is being sought, the opposition would have to proceed with the amendment. If the minister can convince the committee to the contrary the opposition would not need to move the amendment.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — As I suspected, the opposition is going to proceed with moving the new clause.

In relation to unsuccessful applications, I am advised that it is not the intention of the government to report on unsuccessful applications to the fund. That would be a considerable burden with an extremely unclear benefit. I am also advised that no other fund, including funds operated under the previous Kennett government, reported on unsuccessful applications in the manner suggested.

In relation to audit procedures, I have already indicated that as a result of the application of the Financial Management Act all of the audit procedures apply to this fund.

I am advised the proposal under the opposition's proposed new clause to require the Auditor-General to undertake the indicated measures would run counter to proposed changes to the Audit Act to increase the independence of the Auditor-General and it would be unprecedented to not give him any flexibility at all about the making of wrong decisions about these matters.

Hon. BILL FORWOOD (Templestowe) — I would be interested to know whether in the absence of this amendment going through unsuccessful applicants to the fund will be provided with reasons as to why they were unsuccessful.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I expect that matter would be addressed by the guidelines.

Hon. M. A. BIRRELL (East Yarra) — The committee is trying to work out how there is an allegedly substantial workload in printing a list of people who have applied for a grant and not received it.

Hon. T. C. Theophanous — When did you ever prepare a list like that?

Hon. M. A. BIRRELL — The former government did not seek to create a statutory fund. The government is seeking to create a statutory fund and that is why I am seeking to find out how it is going to report on it. Is

it the intention of the government to advise applicants who are unsuccessful that they were unsuccessful?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — Applicants who are unsuccessful will be notified.

Hon. M. A. BIRRELL (East Yarra) — On that basis, is it not likely that you will have a list of unsuccessful applicants as a result of that work?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I have already indicated that the government does not agree with reporting unsuccessful applications.

Hon. M. A. BIRRELL (East Yarra) — I hear the argument. I am trying to work out how it hangs together. If the argument is, as put by the minister, that the process is too expensive, she has shot herself down in flames by conceding that information about unsuccessful applicants will be available. It will be a simple sheet of paper. There is no massive workload. The issue is not whether the list will be compiled but whether the list will be made public.

Hon. T. C. Theophanous — She has told you it won't be.

Hon. M. A. BIRRELL — We have been told it won't be. That is exactly right. That answers all your earlier interjections, Mr Theophanous, about whether the information being sought will be made public. We are being told the information being sought will not be made public. Therefore, it is not surprising that the opposition seeks to have what is purely factual information already available to the bureaucracy made public.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — On the amendment the opposition will clearly move, it is apparent that, although there is agreement on paragraphs (a) and (c), the government does not agree with paragraph (b) and will not be supporting the new provision.

Hon. M. A. BIRRELL (East Yarra) — I welcome the minister's statement that the government supports paragraphs (a) and (c).

Hon. T. C. Theophanous — In the annual reports.

Hon. M. A. BIRRELL — You are not the minister. The minister has indicated the government supports paragraphs (a) and (c) of the amendment. I ask the minister: in light of that statement, particularly the

support for paragraph (c) of the opposition's amendment, is the minister indicating that that is a necessary requirement for that information to be provided and that in the absence of paragraph (c) that information simply will not be provided?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I have already answered the question. As a result of the application of the Financial Management Act, there is already a provision that the Audit Act applies, so there is no difficulty about paragraph (c). I have already addressed remarks to paragraph (a). As for the intention to publish in the department's annual reports, the government does not agree with paragraph (b) and therefore will not be supporting the amendment.

Hon. BILL FORWOOD (Templestowe) — Can the minister confirm that paragraphs (a) and (c), which relate to information she said would be collected, will be published data?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — As I have indicated, information relating to paragraph (a) will be published. Information relating to paragraph (c) is already covered under the Audit Act; therefore it is not necessary to make that a requirement — indeed, that would compromise the independence of the Auditor-General.

Hon. BILL FORWOOD (Templestowe) — That is mind-boggling in the extreme. I will put a simple hypothetical example: funds are made available under the scheme with the acceptance of the local council. They are allocated for a particular capital purpose. If the funds are insufficient the project stops in an incomplete state. Will that be reported to the public?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — Members of the opposition can raise all the hypothetical questions they wish, but my answer will remain unchanged. The government's attitude is that the Auditor-General has the capacity to independently report on all these matters, and the government expects that he would do so. It cannot agree to a requirement that removes the independence to make those reports.

Hon. BILL FORWOOD (Templestowe) — Before the Auditor-General gets to look at the accounts the department is likely to know that something is wrong. Do you believe that in the interests of open, transparent and accountable government it is the responsibility of the department to inform the people of Victoria of situations like that?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — The responsibilities of departments to report are also laid out in the Financial Management Act.

Committee divided on new clause:

Ayes, 27

Ashman, Mr (<i>Teller</i>)	Furletti, Mr
Atkinson, Mr	Hall, Mr
Baxter, Mr	Katsambanis, Mr
Best, Mr	Lucas, Mr
Birrell, Mr	Luckins, Mr
Boardman, Mr (<i>Teller</i>)	Olexander, Mr
Bowden, Mr	Powell, Mrs
Brideson, Mr	Rich-Phillips, Mr
Coote, Mrs	Ross, Dr
Cover, Mr	Smith, Mr K. M.
Craige, Mr	Smith, Ms
Davis, Mr D. McL.	Stoney, Mr
Davis, Mr P. R.	Strong, Mr
Forwood, Mr	

Noes, 13

Broad, Ms	Mikakos, Ms
Carbines, Mrs	Nguyen, Mr
Darveniza, Ms	Romanes, Ms
Gould, Ms	Smith, Mr R. F. (<i>Teller</i>)
Hadden, Ms	Theophanous, Mr (<i>Teller</i>)
Jennings, Mr	Thomson, Ms
Madden, Mr	

Pair

Hallam, Mr	McQuilten, Mr
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New clause agreed to.

Schedule

Hon. N. B. LUCAS (Eumemmerring) — I refer to the schedule, which includes a list of councils. How were the councils selected from the 78 councils across the state? Under the Regional Infrastructure Development Fund requests for funds for improvements to the City of Melbourne are unlikely. I would like to know the criteria used to select the councils included in the schedule.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am advised that the area defined by the councils listed in the schedule corresponds to the area considered as rural and regional Victoria by the previous government for the purposes of delivery of its programs. It is seen by the Bracks Labor government as a suitable definition of regional Victoria.

Hon. N. B. LUCAS (Eumemmerring) — Given that I did not agree with the exclusion of the Shire of Cardinia from the previous list, I want to be consistent,

and I do not agree with it being excluded from this list either. I did not have any success before and I am wondering if I will have any success now. The minister is obviously confirming that Cardinia Shire Council is not included?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — No.

Hon. N. B. LUCAS (Eumemmerring) — Has the government received proposals in recent weeks suggesting that Cardinia Shire Council should be included?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am not aware of any such proposals having been received. Whether they have been received is not a matter on which I have advice.

Hon. N. B. LUCAS (Eumemmerring) — I am prepared to wait for the minister to take advice.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I am advised that no such request has been received.

Hon. N. B. LUCAS (Eumemmerring) — Earlier the minister indicated that where an application of funds was made either a council or a regional group would have to approve the application. Will the minister describe the types of regional groups that would be included in the approvals process?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — Support would be required from one or more of the councils listed in the schedule, and the reference to regional organisations is any combination of the councils listed in the schedule.

Hon. N. B. LUCAS (Eumemmerring) — Can I assume from the minister's response that regional groups could include Municipal Association of Victoria-based groups across Victoria, regional health groupings of councils, regional refuse groupings of councils and others?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — For the purposes of the bill the councils listed in the schedule and any combination thereof indicating support would satisfy the requirement the government intends to set out in the guidelines.

Hon. N. B. LUCAS (Eumemmerring) — Can I assume from the minister's answer that a group of

councils formed as a regional health organisation could be such a group?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — What counts is the councils listed in the schedule, and the combination would be a matter for them. The critical point is the councils in the schedule.

Hon. N. B. LUCAS (Eumemmerring) — Can I assume the minister's answer to my previous question is yes?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — It is a hypothetical question. I stand by my answer. It is the councils on the schedule, that is why it is a schedule to the bill.

Hon. N. B. LUCAS (Eumemmerring) — Given that extraordinary answer, if a group of councils formed a health arrangement and approved an application for the purposes of this legislation, can I assume that the approval so given would be the type of approval that under the process would allow the grant to proceed?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe I have already answered the question. I reiterate that support, not approval, is required, and the support is necessary from one or more of the councils on the schedule, or any combination thereof.

Hon. N. B. LUCAS (Eumemmerring) — Could such a combination still be valid if it included councils that were not on the schedule — some that were on the schedule and some that were not? Honourable members may think it is funny but there are such groupings around Victoria.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — It is clear from my answer that the important point is that it should include one or more of the councils on the schedule. It is not relevant whether the applications are supported by councils not on the schedule. The relevant point is that at least one council on the schedule must support the application.

Hon. N. B. LUCAS (Eumemmerring) — Would it be possible for an application to be brought forward — for instance, in the Macedon Ranges Shire Council area — that did not have the approval of that council but had the approval of an adjoining council or group of councils in the area? In other words, can you get approval for an application going forward where the approval of the council or the regional grouping of

councils does not include the council with which the application is associated?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe I dealt with that earlier. I do not intend to deal with hypothetical examples. The critical point is that an application must be supported by one or more of the councils on the schedule. It is not tied to applications in any particular council area.

Hon. R. H. BOWDEN (South Eastern) — I bring to the minister's attention the omission of the Mornington Peninsula Shire Council from the schedule. I heard the minister's earlier response that there was a methodology for arriving at this list, but I refer the minister to clause 5(1), which states as one of the goals of the bill:

- (i) The improvement of transport within regional Victoria and connecting regional Victoria with other parts of the state;

and:

- (iii) the development and improvement of tourism facilities —

and so on. A considerable geographical portion of the Mornington Peninsula has enormous transport problems. It is a major recreational and tourist area that is further away from Melbourne than Geelong. I ask for the minister's consideration and guidance on the inclusion of the Mornington Peninsula Shire Council, which is an important shire that is home to a great many residents of this state. I would not like my constituents to be disenfranchised because the shire is not listed in the schedule to the bill.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I commend the member for his representations on behalf of that council. I am sure many honourable members could make similar representations on behalf of their councils. However, the government believes the councils listed on the schedule are the appropriate ones to use for defining regional Victoria in the bill.

Hon. G. R. CRAIGE (Central Highlands) — In view of the minister's answers to other honourable members about the inclusions in the schedule, will she now rule out Yarra Ranges being included on the list?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe I have answered the question, and the opposition can probably work its way through a very long list of councils. The government's view is that this is the

appropriate definition of regional Victoria, and this is what it is proposing.

Hon. G. R. CRAIGE (Central Highlands) — In view of that answer about Yarra Ranges, I ask exactly the same question for the City of Whittlesea.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I believe I have answered the question.

Hon. G. R. CRAIGE (Central Highlands) — It is clear, and it should be on record, that the minister in this chamber has clearly stated that those municipal councils listed in the schedule are the only ones that will be included. It is important for councils that have structural issues — such as being considered rural when they have high urban populations — to know that they will not be included on this list. I seek assurance that they will be informed. It is important for them to know that the government has made a decision which excludes them, whether they be Yarra Ranges, Whittlesea, Casey, Melton, Wyndham or Hume, or, importantly Mornington or Cardinia. It is important that those councils understand that the minister has ruled out their inclusion in schedule 1.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I fully expect that when the bill is passed, if indeed it is passed by the opposition, it will be made publicly available.

Hon. E. J. POWELL (North Eastern) — I ask the minister about the councils on the schedule that support applications. Will any guidelines be given to local government on supporting applications, and who will provide those guidelines?

Hon. T. C. Theophanous — On a point of order, Mr Chairman, we have already dealt with the criteria and guidelines for application. We are currently dealing simply with the schedule, which is a list of the councils that would be able to make application. The guidelines and the nature of the applications and eligibility were dealt with in an extensive debate on clause 5. It is not appropriate to raise the matter now.

The CHAIRMAN — Order! On the point of order, individual members are raising individual councils, and individual councils are listed on the schedule. I therefore rule that there is no point of order.

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — I may have missed the particular council the member was referring to.

Hon. E. J. POWELL (North Eastern) — The City of Greater Shepparton is one of the nine councils in my electorate on the schedule. If that council were to support an application, would it require some guidelines in order to do so, and who would provide the guidelines?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — We dealt with this earlier. The guidelines will be published and available to everybody, including the councils on the schedule.

Hon. BILL FORWOOD (Templestowe) — Finally, Mr Chairman, is it the intention of the government to revisit, in the foreseeable future, the definition of what is a rural and regional council as opposed to a metropolitan council?

Hon. C. C. BROAD (Minister assisting the Minister for State and Regional Development) — No.

Hon. N. B. LUCAS (Eumemmerring) — I would like to get on the record the fact that the rural areas and townships of Yellingbo, Gembrook, Cockatoo, Emerald, Iona, Vervale, Tonimbuk, Maryknoll, Tynong, Tynong North, Garfield, Garfield North and Nar Nar Goon are not included in the schedule we are now discussing.

There is absolutely no doubt in my mind that those rural areas are rural areas. I want to place on the record my disappointment and concern that those rural areas in my electorate are not included in the scope of the proposed legislation.

Schedule agreed to.

Reported to house with amendments.

Remaining stages

Passed remaining stages.

ADJOURNMENT

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

That the Council, at its rising, adjourn until Tuesday, 14 December.

Motion agreed to.

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

That the house do now adjourn.

LPG: prices

Hon. J. W. G. ROSS (Higinbotham) — I refer the Minister for Consumer Affairs to the price difference between liquefied petroleum gas supplied from service stations for motor vehicles and LPG supplied in larger quantities for industrial and domestic use, particularly in rural areas. The core of the issue I raise is that the price differences are exposing the community to a significant public safety hazard. I will now explain.

To fill a typical motor vehicle LPG tank of, say, 70 litres at a local service station at 27 cents per litre would cost \$19.25. For the purposes of comparison I will extend that and say that to fill a 90-litre tank with LPG at the same price would cost \$24.75. Because there are fluctuations in prices, and in order to not confuse the issue with decimal points, let us say that the cost is \$25.

In my electorate LPG is supplied in large cylinders for heating, curing of paint, cooking and heating, particularly in rural areas, or for other purposes. My inquiries indicate that the price for that amount of gas, purchased in a cylinder for such uses, would be about \$54. The same quantity of gas, depending on its likely use, would be approximately double the price.

There is a constraint under the Dangerous Goods Act in that the legislation provides a penalty of about \$10 000 for filling the large cylinders from bowsers at service stations. The legislation refers to the Australian Standard 1596 of 1997, which I will not read.

The Dangerous Goods Act penalties amount to a shield for the substantial price differentials and an incentive for people to fill large cylinders from service stations. That price differential constitutes a significant safety hazard. Will the minister institute an inquiry into the discrepancies in LPG fuel prices and help avert the catastrophe that is waiting to happen?

Small business: log of claims

Hon. B. N. ATKINSON (Koonung) — I direct a matter to the attention of the Minister for Small Business. The minister will be aware of the outrageous log of claims served by the Shop, Distributive and Allied Employees Association on 35 000 small retailers in Victoria and a number of retailers in other states to create a national dispute. The matter has been to the full bench of the Australian Industrial Relations Commission (AIRC).

The minister may be aware that the log of claims includes, among other things, a claim for a base wage rate of \$500 a week for all employees, including

juniors, with automatic increments of \$25 a week for each completed year of service. Also included were claims for a payment equal to 20 per cent of weekly wages by employers to the association scheme; six weeks annual leave; a retirement gratuity equal to 26 weeks pay; and a 35-hour week between 9.30 a.m. and 5.30 p.m., with hours outside that period attracting penalty provisions.

Given that the government has withdrawn from the AIRC hearing on the claims, what action will the minister take to help businesses, particularly in rural and regional areas, defend themselves against claims that would, if successful, surely close down shops and destroy employment?

Police: Drouin station

Hon. R. H. BOWDEN (South Eastern) — I direct a matter to the attention of the Minister for Sport and Recreation as the representative in this place of the Minister for Police and Emergency Services. I refer to the number of police officers at Drouin police station. The Committee for Drouin, a well-established and well-regarded community organisation, has expressed concern about a report that the promised additional police officer for that station will not be placed there and that the number of officers will remain at four.

The situation is causing concern for the Committee for Drouin because the town's population has increased considerably in recent times. I have been assured by the committee that the number of officers at the police station has remained constant for 12 years. It is concerned because the community has come to believe that another officer would be appointed to Drouin because of the town's population growth. People are disappointed that the promise may not be kept. I ask the minister to provide an assurance that the additional police officer will be provided without delay to the Drouin police station.

Schools: Koonung Province

Hon. G. B. ASHMAN (Koonung) — I direct a matter to the attention of the Minister for Sport and Recreation representing the Minister for Education in another place. A number of major school infrastructure upgrades in Koonung Province were committed to by the outgoing coalition government. The need for the upgrades is quite urgent. The schools involved are Park Ridge Primary School, Wattleview Primary School and Heany Park Primary School.

The allocation for Park Ridge was \$850 000 for the upgrade of classrooms, library, staffing and

administration facilities. The Wattleview allocation of \$800 000 was for the upgrade of classrooms, multipurpose rooms and a library. The Heany Park allocation of \$500 000 was for the upgrade of classrooms. The requirements are urgent and result from developments in the Ferntree Gully, Rowville and Lysterfield areas, which are bursting at the seams. Given the government's indication about class sizes it has become an even more urgent issue.

I ask the minister to confirm that the upgrades will proceed forthwith and to give an indication to the schools of what measures will be put in place for the 2000 school year.

Toxic waste

Hon. A. P. OLEXANDER (Silvan) — I raise with the Minister for Energy and Resources representing the Minister for Environment and Conservation in the other place the containment, storage and retrieval of hazardous and toxic waste in Victoria.

The minister may recall the question I asked her on 10 November about the Bracks minority government's election policy that advocated banning toxic waste as landfill and establishing purpose-built above-ground toxic and hazardous waste facilities around Melbourne to replace landfill. At that time I asked the minister if she stood by the Australian Labor Party (ALP) policy, and if so whether she would identify where the new dumps would be located. I also asked her for assurances to allay community concerns in my electorate.

Some four weeks later I have not received a reply to my request. However, I note that on 6 December the minister reconvened the Hazardous Waste Consultative Committee under the chairmanship of the former honourable member for Bennettswood, the Honourable Geoff Coleman. The minister stated that the committee will report back to the Bracks minority government by the end of February 2000 with recommendations on the storage of toxic waste.

The minister needs to clarify the relationship between the ALP policy commitment at the election and the role and jurisdiction of the reconvened committee. If the committee finds against the establishment of above-ground toxic waste dumps, will the minister drop the ALP policy and follow the committee's recommendation?

Jet skis: rider education

Hon. ANDREA COOTE (Monash) — I raise an issue with the Minister for Energy and Resources. I was pleased to hear of the minister's introduction of the

Kennett government's initiatives on water safety. The minister announced that teams of safety officers will be established and that an education program for personal watercraft (PWC) operators will be introduced.

The Honourable Peter Katsambanis and I have some of Melbourne's busiest beaches in our electorate of Monash Province. Several Elwood residents have expressed grave concerns about the number and behaviour of jet ski or personal watercraft operators. Residents are particularly concerned about the safety of their children.

The minister stated that Corio, Western Port, Torquay and Pykes Creek reservoir, among other areas, will be supervised. Can the minister give an assurance to Elwood residents that they will be included in the PWC courtesy rider safety program?

Member for Chelsea Province: discrimination

Hon. M. T. LUCKINS (Waverley) — I raise an issue for the attention of the Minister for Industrial Relations concerning the Victorian Civil and Administrative Tribunal (VCAT) determination on 26 November that the Australian Workers Union and its former state secretary, the Honourable Bob Smith, who is now an honourable member for Chelsea Province, discriminated against an employee on the basis of her gender.

Hon. T. C. Theophanous — On a point of order, Mr President, last night a lot was made of the fact that when a reflection of any sort is to be made against a member of the house it ought to be made by way of a substantive motion. There is now an attempt to suggest that a member of this house may have been involved in a discrimination matter. It is a reflection on the honourable member. If the honourable member for Waverley Province believes a member of this house was involved in discrimination, she should move a substantive motion in the house.

Hon. M. T. LUCKINS — On the point of order, Mr President, it is a fact that Mr Smith has been found guilty of discriminatory behaviour by the Victorian Civil and Administrative Tribunal, and I can provide the determination.

The PRESIDENT — Order! Another ruling of the house when issues such as this arise is that the objection should be taken by the person who is potentially offended.

Hon. R. F. Smith — I am not offended.

Honourable members interjecting.

The PRESIDENT — Order! I have been consistent on this. If Mr Smith was not in the chamber it would be appropriate for Mr Theophanous to raise the issue. Since Mr Smith is here, he is the one who should take the objection. The Chair could then decide whether to uphold the point of order based on what the honourable member said.

Hon. R. F. Smith — No, I am not offended.

Hon. G. R. Craige — But Theo is!

The PRESIDENT — Order! I made the position clear last night, and I expect that the rules of the house will be honoured, so the honourable member should be circumspect in what she says.

Hon. M. T. LUCKINS — The issue relates to the standards of the new government. Premier Bracks said last week in the other place that this discriminatory behaviour was below a standard he would set. Given that Mr Smith is a member of the government, does the minister agree that the standards of the Australian Workers Union under Mr Smith's leadership were not up to the government's standards?

Small business: government local produce use

Hon. I. J. COVER (Geelong) — I refer the Minister for Small Business to a practice of the previous government, spearheaded by the former Premier, and also a practice of Parliament, of serving Victorian produce at business events and other functions, particularly for visiting dignitaries or business people who may be seeking to do business in Victoria. What better way to introduce them to the delights of Victoria than to serve Victorian produce! Will the minister advise the house whether she and the government are supporting Victorian businesses by maintaining that practice and also encouraging other organisations to follow suit?

The PRESIDENT — Order! I am still thinking about the issue raised by Mrs Luckins and whether I should have allowed it. How does it fall under government business to relate the standards of the government to those of a trade union? I am reopening the matter. I need convincing.

Hon. M. A. Birrell — On the point of order, Mr President, unless I am mistaken, Mrs Luckins asked whether the minister agreed with the Premier that the standards that have been set by the AWU are lower than those adopted by the government. Mrs Luckins is asking for an indication of the minister's stance on a statement made by the Premier.

ALP: fundraising dinner

Hon. E. G. STONEY (Central Highlands) — I refer the Minister for Consumer Affairs to the fact that representatives of several oil companies attended the \$1000-a-head Labor Party dinner on Monday night, and I noticed that on Tuesday and Wednesday she had become a little softer in her approach to oil companies. In fact, the house will remember that earlier she had asked motorists to do in oil companies that might have been a little recalcitrant and had set up a hotline for that purpose. Did the minister meet any of the oil company representatives at the dinner on Monday night?

Rail: Rosedale crossing

Hon. P. R. HALL (Gippsland) — I ask the Minister for Energy and Resources to refer to the Minister for Transport in another place an issue raised by a constituent of mine, Mr Bill Bye of Rosedale. Mr Bye's neighbour and very good friend was tragically killed in an accident involving a collision between a train and his motor vehicle last Friday night. The crossing is on the Upper Flynn Creek Road in Rosedale, at the end of Cansick Street.

I have not yet had the opportunity to have a look at the crossing, but I am informed by my constituent that the rail line and the road run parallel to each other and that there is only a very short perpendicular turn available for vehicles wanting to cross the line. There have been some near misses recently and Mr Bye believes there should be lights at the crossing. He informs me that 30 or 40 families live in the vicinity and that some would travel over the crossing two or three times a day.

In addition I mentioned in the debate this week on the Rail Corporations and Transport Acts (Miscellaneous Amendments) Bill that there is a resumption of some freight train traffic on that piece of rail line and that there are no scheduled times for the freight trains. The services are infrequent and the local people are not always aware of train movements backwards and forwards along the line.

In light of the tragic accident that occurred last Friday night in Rosedale, I ask the Minister for Transport to investigate the need to providing flashing lights at the railway crossing.

Fishing: resource management

Hon. PHILIP DAVIS (Gippsland) — I refer the Minister for Energy and Resources to the fact that the Kennett government implemented a fisheries management model which involved significant stakeholder participation. The Fisheries

Co-Management Council is established under section 90 of the Fisheries Act to advise the minister on all matters relating to Victorian fisheries and its committees consult extensively with stakeholders.

The Victorian co-management model is well regarded around Australia and by Victorian stakeholders. The minority Labor government has signified its support by adopting outcomes of recent reviews conducted by the council, such as the buyout of netting licences in bays and inlets. Has the minister met with the Fisheries Co-Management Council or any of the peak bodies, including VR Fish, the Victoria Aquaculture Council or Seafood Industry Victoria?

Water: Wimmera–Mallee

Hon. R. M. HALLAM (Western) — I ask the Minister for Energy and Resources to refer to the Minister for Environment and Conservation in another place the funding for final stages 6 and 7 of the redevelopment of the northern section of the Wimmera–Mallee stock and domestic water system.

That system is the lifeblood of a remote community in the northern section of the Wimmera–Mallee, and is an extraordinary feat of engineering. It takes water from the rivers of the Grampians and the southern Wimmera and redirects it north to within a few hundred metres of the Murray River. However, it currently relies on open channels and is highly inefficient. Very little of the water reaches its final destination.

The Kennett government gave early and crucial support to a project to convert the open channels to a piped system, which incidentally allowed new and welcome environmental flows down the affected rivers, particularly the Glenelg River below the Rocklands Dam wall. The last two stages of the northern section have been granted commonwealth funding.

I am advised that the Minister for Environment and Conservation in another place has held up the Victorian investment on the basis that the commonwealth is using Landcare as the funding source, to which there is an objection. I remind the minister and honourable members that the project is a win–win situation all round. Remote communities are receiving a vital commodity and the rivers are returning to something like their former flows.

As you well know, Mr President, Victoria has a community across the southern section of that Wimmera–Mallee pipeline that argues that the project should be undertaken with the rest of the system. I acknowledge that that would be a substantial

government investment, but it would have matching enormous potential benefits.

I ask the minister to raise the issue with her colleague in another place and to convey my plea that the government make an early announcement that state funding is available to match commonwealth funding to allow the final stages to be completed.

Officer: traffic lights

Hon. N. B. LUCAS (Eumemmerring) — I refer the Minister for Energy and Resources, representing the Minister for Transport in another place, to one of several rural areas I am proud to represent, the town of Officer. Officer probably has fewer than 200 residents. One of those residents, Mrs Carol Porter, has raised with me on a couple of occasions the problems encountered by residents when trying to cross or gain access to the Princes Highway.

The Princes Highway between Berwick and Pakenham carries considerable traffic, as honourable members who travel to the east, including the Honourables Philip Davis and Peter Hall, would be aware. Intersections in the town have no traffic signals and residents place their lives at risk when they approach the highway.

I ask that the Minister for Transport in another place examine the problem and consider the installation of traffic lights. Officer is a small town that by coincidence is located on a busy highway. Its residents need the support of the minister in this matter.

Frankston aquatic centre

Hon. B. C. BOARDMAN (Chelsea) — I refer the Minister for Sport and Recreation to a deputation he received last week from the Honourable Bob Smith representing Chelsea Province and Cr Mark Conroy, the deputy mayor of the City of Frankston. It was reported in this week's Frankston *Opinion* newspaper that Mr Smith and Cr Conroy were lobbying the minister about the proposed aquatic centre in Frankston.

It is bizarre that the minister made no direct comment to the newspaper. Rather, Cr Conroy gave an appraisal of the minister's opinion that the aquatic centre fitted into government policy and the project received the green light to go ahead. Cr Conroy further stated that he was confident the City of Frankston would do better than the \$2.5 million promised by the former Liberal government.

However, a couple of snags exist. Although Cr Conroy heads the council committee to steer the project through

he was unaware whether an application had been submitted. He was reported as having said:

... council officers had submitted, or were close to submitting a formal application for government funds.

He went on to say that he expects the administrators of the Community Support Fund to announce in March the outcome of the November round of applications. The contradictions should be sorted out.

I ask the minister whether he supports the aquatic facility in Frankston and whether he or the government have made a commitment to the allocation of funding for the proposal.

Neerim Road, Carnegie: bicycle lane

Hon. P. A. KATSAMBANIS (Monash) — I raise for the attention of the Minister for Energy and Resources, as the representative in this house of the Minister for Transport, a bicycle safety issue on our roads, and specifically along Neerim Road, Carnegie, in my electorate.

Neerim Road is a busy secondary road used by many motor vehicles each day. It has been brought to my attention by local residents that it is also a popular route for cyclists, in particular young children riding their bicycles to and from school. There are two large schools on or just off Neerim Road — Glen Eira College and St Anthony's parish school. Every day hundreds of local schoolchildren ride their bikes along this busy road. According to local residents, including parents who have spoken to me, the lack of a dedicated bicycle lane on Neerim Road presents a great danger for the children.

Neerim Road is a wide street and there are many examples in the local area of streets of similar width with similar traffic volumes recently being remodelled to include dedicated bicycle lanes. Darling and Belgrave roads in East Malvern are good examples of safe roads for cyclists. Works on those roads were funded by grants from the former Kennett government.

The local residents point out that the creation of a dedicated bicycle lane will provide a much safer environment for all cyclists who use the road, particularly schoolchildren. It would also provide an added bonus through the proper delineation of one lane of traffic. Residents have reported the dangerous but common practice of motorists attempting to overtake on the inside of other vehicles where there is no second lane on the road. That dangerous and illegal practice threatens the safety of cyclists, pedestrians and other motorists along Neerim Road.

I urge the minister to investigate whether the lives of these young people are being put at risk every day and ensure that funds are made available immediately for a dedicated bicycle lane in each direction on Neerim Road, Carnegie.

Housing: Shepparton estate

Hon. E. J. POWELL (North Eastern) — I raise for the attention of the Minister for Small Business, who is the representative in this house of the Minister for Housing, a late-1970s brick and concrete public housing estate in Shepparton, whose residents have a number of social problems.

Parkside estate has 120 detached houses, 54 per cent of which are owned by the Office of Housing, and two medium-density estates, one of 24 units and the other of 52 units. The concentration of public housing in the estate is higher than the average for other public housing areas in Victoria.

The honourable member for Shepparton in the other place, Mr Kilgour, Mr Baxter and I raised the issue with the former Minister for Housing in the Kennett government. The minister visited the estate and noted the following problems: adverse media exposure; problems exacerbated by drug and alcohol abuse, such as the parks not being used because of syringes lying around; vandalism in vacant houses, which is a cost on the government; people on waiting lists refusing housing in the estate; a high turnover of tenants; and safety issues involving the call-out of police at a rate five times higher than for the rest of Shepparton.

The former minister asked me to form an advisory committee, which I did. The committee met and presented a number of options to the then minister, but with the change of government my community wants to know the status of the public housing estate. I urge the minister to investigate this matter and respond to me as soon as possible so that my community will know what the plans are for the housing estate.

Retail industry: trading hours

Hon. W. I. SMITH (Silvan) — I refer the Minister for Small Business to a question I asked a couple of weeks ago on 24-hour shop trading hours. At the time the minister implied she did not have an opinion on the deregulation of shopping hours, was interested in what small business thought and would discuss it with small business. The Australian Retailers Association is concerned that the Bracks government will re-regulate 24-hour shopping. Given that the ARA represents small business and retailers and is certainly in favour of

keeping 24-hour trading, I ask the minister to advise the house on her policy on 24-hour trading.

Gaming: machines

Hon. D. McL. DAVIS (East Yarra) — I seek the assistance of the Minister for Sport and Recreation representing the Minister for Gaming in the other place. I direct his attention to various comments made recently by a number of Labor Party members. In particular, I direct his attention to an article that appeared in the *Herald Sun* of 24 November reporting on comments made by the minister. The article states:

Poker machine operators, Tattersalls and Tabcorp, have also been put on notice they may no longer be free to shift machines from low turnover venues to another in the same region.

I also direct the minister's attention to the Labor Party's policy released prior to the state election. The policy talks at length about a fairer distribution of gaming machines. It states:

Labor does not believe that the current distribution of gaming machines is fair or in the interests of communities throughout the state. The mix is wrong between suburbs and the regions, and between hotels and clubs ...

Labor will review the distribution of gaming machines and introduce caps on gaming machines on a regional and municipal basis.

Further on the policy states:

In the light of that finding Victorian Labor believes that a fairer supply of gaming machines must be rigorously implemented to prevent oversupply in regions and the consequent impact on families and businesses.

A strict new regime of regional caps will be implemented to end the dumping of gaming machines in regional areas. Regional caps will be introduced to prevent any new machines in oversupplied areas and as licences come up for renewal, machines will be reduced until the number of machines in the region falls under the cap.

I also direct the minister's attention to a transcript of the Victorian Labor Party's gambling policy launched on 6 September. Premier Steve Bracks, as the then Leader of the Opposition, made the following comment:

So we'll have a cap, yes, 27 500, but our cap will extend to each region.

He went further and said:

... in Bendigo, for every 150 people there's a gaming machine ...

He went on with reference to the then Premier's electorate of Burwood, and said:

... in the Premier's own electorate, for 600 people there is one gaming machine. Now it's out of kilter, out of balance. We'll bring gaming into balance in Victoria.

I ask the minister to assure the people of Burwood that there is no Labor Party policy to shift gaming machines from one region to another and to dump them on the electorate of Burwood. Is that the Labor Party's policy? Is that the intention of the minister? Is it the intention of the government to push machines into the electorate of Burwood?

Responses

Hon. M. M. GOULD (Minister for Industrial Relations) — The Honourable Maree Luckins raised a matter about comments the Premier had made. I am unsure where the comments came from. I am happy to support the Premier.

Hon. C. C. BROAD (Minister for Energy and Resources) — The Honourable Andrew Olexander raised for the Minister for Environment and Conservation the containment, storage and treatment of hazardous wastes, a matter in which he clearly has a strong interest. He asked that I raise with the minister a committee she recently established to report to her on the matter and its relationship to policy statements of the Bracks Labor government. I will refer the matter to the minister so that she can report back to the honourable member.

The Honourable Andrea Coote raised with me a water safety initiative, in particular the personal watercraft courtesy rider program. She mentioned concerns raised by Elwood residents about the behaviour of some jet ski riders and asked whether the courtesy rider program would extend to Elwood. I can indicate to the honourable member that one of the improvements made to the program since it was run last year is that resources provided to the program for the initiative include vehicles, so it is now a roving team. The team will be going around the bay to places where incidents need to be addressed, including Elwood.

I have a question from the Honourable Peter Hall for the Minister for Transport. He referred to a matter raised by a constituent from Rosedale. A railway crossing fatality has raised concerns about the safety of the crossing as a result of both its design and freight movements. He requested that I raise with the minister the possibility of an emergency investigation into the installation of lights at that crossing. I will refer the matter to the minister.

The Honourable Philip Davis raised with me the matter of a meeting with the Fisheries Co-Management

Council and a list of other important representative fishing organisations. I have a lengthy program of meetings with a range of organisations extending not just to this Christmas but next Christmas. I am working my way through them as quickly as I can. Those representatives are definitely on the list, and I will meet with them as soon as practical. Once Parliament adjourns it might be easier to work through the list more expeditiously.

I also had a question from the Honourable Roger Hallam to the Minister for Environment and Conservation about funding required to complete the northern extension of the Wimmera–Mallee water system. I will refer that matter to the minister.

The next question was from the Honourable Neil Lucas, again a question for the Minister for Transport. He referred to the difficulties Officer residents are having in accessing and crossing the Princes Highway. He asked that the minister consider the installation of traffic lights to assist residents. I will refer that matter to the minister.

I also had a question from the Honourable Peter Katsambanis for the Minister for Transport. He raised the important matter of safety for cyclists and particularly children riding along Neerim Road, Carnegie. Two large schools are located in that area. The honourable member requested that the minister investigate funding for dedicated bicycle lanes in both directions. I will refer that matter to the minister.

Hon. M. R. THOMSON (Minister for Small Business) — The Honourable John Ross raised the question of the difference between the price of liquefied petroleum gas for domestic or commercial use and the bowser price. A 90 litre tank costs \$25 at the bowser and somewhere in the vicinity of \$54 for a commercial or domestic purpose. He also raised the issue of a \$10 000 penalty under the Dangerous Goods Act if LPG is selected from the bowser for domestic or commercial use and asked whether or not the government would establish a price inquiry. I am concerned about the difference in the cost to country and regional people who use LPG for domestic purposes. I am more than happy to look into the matter.

The Honourable Bruce Atkinson raised the question of a log of claims from the Shop, Distributive and Allied Employees Association. I understand peak body groups representing the retail sector are offering industrial advice to retailers who are covered under federal awards. At this stage I have not been asked to take any action.

The Honourable Ian Cover raised a matter with regard to serving Victorian produce and asked whether I would maintain the practice of the previous government. I certainly maintain the practice of using Victorian produce, and particularly from small business suppliers. The government discovered that the Telstra small business awards this year were not using Victorian produce and has insisted that they do so at subsequent award nights.

The Honourable Graeme Stoney raised the matter of oil company representatives attending the Labor Party fundraising dinner and asked whether I met anyone from the oil companies there. I am sorry that I do not have a copy of the attendance list for the dinner. I did not even know that representatives of the oil companies were present, and I certainly did not talk to any of them.

The Honourable Jeanette Powell raised a matter she asked to be referred to the Minister for Housing regarding the Parkside estate in Shepparton, where social and safety issues appear to need to be addressed. She was seeking an understanding about the status of that housing estate. I will raise that matter with the Minister for Housing.

The Honourable Wendy Smith raised a matter about the Australian Retailers Association being worried about the government's position on the regulation of shop trading hours. The Australian Retailers Association is not at all concerned about the government's position on shop trading hours. I met with the association last week and reassured it that the government is not reinventing shop trading legislation. The association is more than comfortable with the position.

Hon. J. M. MADDEN (Minister for Sport and Recreation) — I will refer to the Minister for Police and Emergency Services in another place the matter raised by the Honourable Ron Bowden about the expectation of an additional police officer at the Drouin police station.

I will refer to the Minister for Education in the other place the matter raised by the Honourable Gerald Ashman in relation to the major school upgrades at the Park Ridge, Wattleview and Heany Park primary schools.

On the matter raised by the Honourable Cameron Boardman about the delegation I received regarding the potential aquatic centre in Frankston, I was very impressed with the enthusiasm with which the delegates related their interest in establishing the centre. I will advise them of the funding criteria on which the Department of Sport and Recreation establishes such

centres. Funding would be needed from both the department and the Community Support Fund. I will also advise the delegates of the processes they will be required to follow.

I will refer the matter raised by the Honourable David Davis on gaming machines to the Minister for Gaming in the other house.

The PRESIDENT — Order! I express my extreme displeasure that, despite the fact that Thursday is not supposed to be a sitting day of the house, we are here at 3.05 in the morning, with staff who have been here for many long hours. I ask the leaders of all parties to give consideration to those issues when making arrangements in the future. It is stupid that we are in this situation.

Subsequent problems include the fact that no supper was provided, and that should not have happened. I will ask the Clerk to have discussions tomorrow to ensure that situation does not occur again. The problem is a shared responsibility.

The other problem was that the Parliament House switchboard apparently went off at 10.30 p.m. so the party whips did not have access to the paging system. I will take up that matter with the Speaker. Clearly the telephone system should be fully operational as long as the house is in operation.

Motion agreed to.

House adjourned 3.07 a.m. (Thursday) until Tuesday, 14 December.

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