PARLIAMENT OF VICTORIA

PARLIAMENTARY DEBATES (HANSARD)

LEGISLATIVE COUNCIL

FIFTY-EIGHTH PARLIAMENT

FIRST SESSION

Tuesday, 8 December 2015

(Extract from book 18)

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By authority of the Victorian Government Printer

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The Lieutenant-Governor

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Legislative Council committees

Privileges Committee — Mr Drum, Ms Hartland, Mr Herbert, Ms Mikakos, Ms Pulford, Mr Purcell, Mr Rich-Phillips and Ms Wooldridge.

Procedure Committee — The President, Dr Carling-Jenkins, Mr Davis, Mr Jennings, Ms Pennicuik, Ms Pulford, Ms Tierney and Ms Wooldridge.

Legislative Council standing committees

Standing Committee on the Economy and Infrastructure — Mr Eideh, Mr Elasmar, Mr Finn, Ms Hartland, Mr Morris, Mr Ondarchie and Ms Tierney.

Standing Committee on the Environment and Planning — Ms Bath, #Mr Bourman, Mr Dalla-Riva, Mr Davis, Ms Dunn, #Ms Hartland, Mr Leane, #Mr Purcell, #Mr Ramsay, Ms Shing, Mr Somyurek and Mr Young.

Standing Committee on Legal and Social Issues — Ms Fitzherbert, Mr Melhem, Mr Mulino, Mr O'Donohue, Ms Patten, Mrs Peulich, #Mr Rich-Phillips, Ms Springle and Ms Symes.

participating members

Legislative Council select committees

Port of Melbourne Select Committee — Mr Barber, Mr Drum, Mr Mulino, Mr Ondarchie, Mr Purcell, Mr Rich-Phillips, Ms Shing and Ms Tierney.

Joint committees

Accountability and Oversight Committee — (*Council*): Ms Bath, Mr Purcell and Ms Symes. (*Assembly*): Mr Angus, Mr Gidley, Mr Staikos and Ms Thomson.

Dispute Resolution Committee — (*Council*): Mr Bourman, Mr Dalidakis, Ms Dunn, Mr Jennings and Ms Wooldridge. (*Assembly*): Ms Allan, Mr Clark, Mr Merlino, Mr M. O'Brien, Mr Pakula, Ms Richardson and Mr Walsh

Economic, Education, Jobs and Skills Committee — (*Council*): Mr Bourman, Mr Elasmar and Mr Melhem. (*Assembly*): Mr Crisp, Mrs Fyffe, Mr Nardella and Ms Ryall.

Electoral Matters Committee — (*Council*): Ms Patten and Mr Somyurek. (*Assembly*): Ms Asher, Ms Blandthorn, Mr Dixon, Mr Northe and Ms Spence.

Environment, Natural Resources and Regional Development Committee — (*Council*): Mr Ramsay and Mr Young. (*Assembly*): Ms Halfpenny, Mr McCurdy, Mr Richardson, Mr Tilley and Ms Ward.

Family and Community Development Committee — (*Council*): Mr Finn. (*Assembly*): Ms Couzens, Mr Edbrooke, Ms Edwards, Ms Kealy, Ms McLeish and Ms Sheed.

House Committee — (*Council*): The President (*ex officio*), Mr Eideh, Ms Hartland, Ms Lovell, Mr Mulino and Mr Young. (*Assembly*): The Speaker (*ex officio*), Mr J. Bull, Mr Crisp, Mrs Fyffe, Mr Staikos, Ms Suleyman and Mr Thompson.

Independent Broad-based Anti-corruption Commission Committee — (*Council*): Mr Ramsay and Ms Symes. (*Assembly*): Mr Hibbins, Mr D. O'Brien, Mr Richardson, Ms Thomson and Mr Wells.

Law Reform, Road and Community Safety Committee — (*Council*): Mr Eideh and Ms Patten. (*Assembly*): Mr Dixon, Mr Howard, Ms Suleyman, Mr Thompson and Mr Tilley.

Public Accounts and Estimates Committee — (*Council*): Dr Carling-Jenkins, Ms Pennicuik and Ms Shing. (*Assembly*): Mr Dimopoulos, Mr Morris, Mr D. O'Brien, Mr Pearson, Mr T. Smith and Ms Ward.

Scrutiny of Acts and Regulations Committee — (*Council*): Ms Bath and Mr Dalla-Riva. (*Assembly*): Ms Blandthorn, Mr J. Bull, Mr Dimopoulos, Ms Kilkenny and Mr Pesutto.

Heads of parliamentary departments

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

Council — Clerk of the Legislative Council: Mr A. Young

Parliamentary Services — Secretary: Mr P. Lochert

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FIFTY-EIGHTH PARLIAMENT — FIRST SESSION

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Leader of the Greens:
Mr G. BARBER

Member	Region	Party	Member	Region	Party
Atkinson, Mr Bruce Norman	Eastern Metropolitan	LP	Mikakos, Ms Jenny	Northern Metropolitan	ALP
Barber, Mr Gregory John	Northern Metropolitan	Greens	Morris, Mr Joshua	Western Victoria	LP
Bath, Ms Melina [2]	Eastern Victoria	Nats	Mulino, Mr Daniel	Eastern Victoria	ALP
Bourman, Mr Jeffrey	Eastern Victoria	SFP	O'Brien, Mr Daniel David [1]	Eastern Victoria	Nats
Carling-Jenkins, Dr Rachel	Western Metropolitan	DLP	O'Donohue, Mr Edward John	Eastern Victoria	LP
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Hartland, Ms Colleen Mildred	Western Metropolitan	Greens	Springle, Ms Nina	South Eastern Metropolitan	Greens
Herbert, Mr Steven Ralph	Northern Victoria	ALP	Symes, Ms Jaclyn	Northern Victoria	ALP
Jennings, Mr Gavin Wayne	South Eastern Metropolitan	ALP	Tierney, Ms Gayle Anne	Western Victoria	ALP
Leane, Mr Shaun Leo	Eastern Metropolitan	ALP	Wooldridge, Ms Mary Louise Newling	Eastern Metropolitan	LP
Lovell, Ms Wendy Ann	Northern Victoria	LP	Young, Mr Daniel	Northern Victoria	SFP
Melhem, Mr Cesar	Western Metropolitan	ALP			

[1] Resigned 25 February 2015
[2] Appointed 15 April 2015

PARTY ABBREVIATIONS

ALP — Labor Party; ASP — Australian Sex Party;
DLP — Democratic Labour Party; Greens — Australian Greens;
LP — Liberal Party; Nats — The Nationals;
SFP — Shooters and Fishers Party; V1LJ — Vote 1 Local Jobs

CONTENTS

TUESDAY, 8 DECEMBER 2015

Tuesday, 8 December 2015

The PRESIDENT (Hon. B. N. Atkinson) took the chair at 11.06 a.m. and read the prayer.

The PRESIDENT — Order! On behalf of the Victorian state Parliament I acknowledge the Aboriginal peoples, the traditional custodians of this land, which has served as a significant meeting place for the first people of Victoria. I acknowledge and pay respect to the elders of the Aboriginal nations in Victoria past and present and welcome any elders and members of the Aboriginal communities who may visit or participate in the events or proceedings of the Parliament this week.

ROYAL ASSENT

Message read advising royal assent on 1 December to:

Child Wellbeing and Safety Amendment (Child Safe Standards) Act 2015
Fisheries Amendment Act 2015
Local Government Amendment (Fair Go Rates) Act 2015
Public Health and Wellbeing Amendment (Safe Access Zones) Act 2015
State Taxation Acts Further Amendment Act 2015.

PORT OF MELBOURNE SELECT COMMITTEE

Port of Melbourne lease

Mr RICH-PHILLIPS (South Eastern Metropolitan) presented report, including appendices, extracts of proceedings and minority reports, together with transcripts of evidence.

Laid on table.

Ordered that report be published.

BUSINESS OF THE HOUSE

Standing orders

Mr RICH-PHILLIPS (South Eastern Metropolitan) — By leave, I move:

> That so much of standing order 5.03 be suspended in relation to the presentation and tabling of the Port of Melbourne Select Committee inquiry into the proposed lease of the port of Melbourne so as to allow the mover of the motion to take note of the report and other members to speak as required.

Motion agreed to.

PORT OF MELBOURNE SELECT COMMITTEE

Port of Melbourne lease

Mr RICH-PHILLIPS (South Eastern Metropolitan) — I move:

> That the Council take note of the report.

I am pleased this morning to present the final report of the select committee inquiry into the proposed lease of the port of Melbourne. The Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015 is designed to facilitate a lease of the port of Melbourne to a private party for a period of some 50 to 70 years. To put that into context, 70 years takes us back to the end of the Second World War. November 1945 saw the election of a new Labor government in Victoria; in fact, the second time that John Cain, Sr, had received a commission as Premier in Victoria.

One of the questions we should ask in considering that is whether that government of 1945 could envisage what Victoria in 2015 would be like and how realistic it is to have expected that government of 1945 to have foreseen the changes in Victoria's economy, the changes in Victorian society, the changes in our region and the changes experienced around the world over that period, because for that government of 1945 both our economy and society today would be largely recognisable. The question therefore for the government and the Parliament of Victoria of 2015 is: can we confidently foresee what Victoria of 2065 or indeed 2085, if we take a 70-year time frame on this lease, will look like?

The Council in considering the report and the legislation will need to have regard to whether the lease proposed by the legislation is in the interest of Victorians over that period of time. The Council needs to be confident that the lease will allow a future Victorian government the capacity and the flexibility to respond to changing circumstances and circumstances which may be as unforeseeable for the Victorian government and Parliament of 2015 as modern-day Victoria would have been for the government of 1945.

The committee considered whether the legislation and the lease transaction seeking to maximise lease proceeds, which is a legitimate aspiration, is also in Victoria's long-term interest. In that regard the committee had to have regard to the competing balance between maximising sale proceeds and ensuring that this transaction and this legislation will continue to serve Victoria for a period of 50 to 70 years. In this regard it is worth noting that aspects of the transaction

that may be considered common in the commercial world, that may provide benefit or certainty to the vendor and may provide benefit or certainty to the purchaser, could have broader and longer term negative public policy implications, and that was something that weighed heavily on the committee's deliberations on the legislation.

The bill the house will consider this week facilitates some elements of the lease. However, many key provisions of the transaction will in fact be reflected in contract rather than by legislation. In considering this the committee requested of the government details of how those contractual aspects would operate and requested details of the key parameters. However, the advice from government with respect to many of those contractual aspects was that the details had either not been decided in terms of the operation of particular aspects of the transaction or that they would be subject to contestability through the bid process — open to be bid upon by the consortia which are expected to participate in this transaction.

The inability of the government, through the Department of Treasury and Finance, to provide certainty as to how many of the key provisions would work, how they would appear once the transaction had been concluded and the resulting exposure from those aspects for the state over the longer term were of concern to the committee. With this in mind the committee sought to put in place a number of recommendations which would address that uncertainty while providing flexibility to future governments to make decisions as may be required in 30, 40, 50, 60 or 70 years.

It is notable that while the report I am tabling this morning contains two minority reports the majority report was nonetheless adopted unanimously by all members of the committee. The majority of the recommendations — 9 of the 15 recommendations — were also supported unanimously by all committee members. Leasing an asset like the port of Melbourne to a third-party operator should, if properly structured, drive efficiencies in the operation while releasing capital for reinvestment in new infrastructure. The committee has on balance recommended that the Council support the bill subject to the government agreeing to a range of amendments to improve certainty and provide flexibility over the coming decades.

I would like to turn to some of the key recommendations the committee has made. The bill, as it is drafted, provides for a lease of up to 50 years to be entered into by the state and allows for the Premier by administrative order to add a further 20-year extension to that lease. The committee believes that any extension beyond the 50-year period should be a matter for Parliament. Given the scope of change that can occur within a 50-year period in Victoria — as we can see if we reflect back over the last 50 years — it is the committee's view that any further extension of the lease should be a matter for Parliament, and accordingly the committee recommends that the legislation be amended to require that any extension be a legislative action rather than an administrative action made by government.

One of the key issues the committee considered and took evidence on over the course of the inquiry relates to the capacity of the port of Melbourne. It is the firm view of the government, as it was of government witnesses, that the capacity of the port of Melbourne is in the order of 7 to 8 million 20-foot equivalent unit containers, which is the standard measure of throughput in container ports. The port of Melbourne currently handles around 2½ million 20-foot equivalent units (TEUs), and on the government's best estimate as the port increases to what the government believes is its maximum capacity it will see a threefold increase in the volume of throughput, with commensurate increases in the volume of truck movements surrounding the port. Even if the operation or removal of containers becomes more efficient by using larger trucks — by using more B-doubles and the like — we would still see at least a doubling in the number of truck movements in the vicinity of the port.

For that reason the committee has made a recommendation with respect to the connection of the port to rail. The previous government in its final budget — the 2014–15 budget — allocated $28 million of funding for a project known as the port rail shuttle. This was supplemented by $30 million of funding by the commonwealth government to connect the port of Melbourne — the last mile, as it has been described — with a rail connection to alleviate some of the pressure on roads surrounding the port. The transaction as currently proposed, although evidence from the government suggested it would seek expressions of interest or commitment from bidders for rail connections for the port, falls short of mandating an actual connection. The committee received no evidence that would suggest the government expected that type of investment from the private sector in the short term.

For this reason the committee has recommended that the government commit itself to that port rail shuttle project, which is funded across the previous commonwealth and state budgets and would alleviate those pressures on surrounding roads. It was the committee's view that this should proceed

independently of the transaction — that it should be a commitment by government to deliver that project — and that that should be reflected in the expression of interest process as the transaction goes ahead.

One of the other issues the committee took evidence on was in relation to the environmental impacts of the proposed lease and the continuing operation of the port at its present site, adjacent to the CBD, and the potential issues around expanded shipping in the bay, with larger ships and with concerns raised around the potential for widening the heads, deepening the channel et cetera. What is evident from the inquiry is that there is a wide range of views as to the changes we can expect in shipping associated with the port of Melbourne — whether we will see larger ships or whether we will see trade growth continue with more ships of the same size as those that are currently serving the port of Melbourne. What is clear is that if the port is to grow in capacity from the current throughput of 2½ million TEUs to the 7 million or 8 million forecast by the government, we will see more activity through Port Phillip Bay and most likely ships of a larger — though not significantly larger — size than we currently see.

As a consequence of that increased volume up the channel and through the bay and given the widespread concern which came from the community, particularly from local government and community groups surrounding the bay, the committee has recommended that the Office of the Environmental Monitor, which was put in place for the channel dredging project in the last decade, be re-established and operate on an ongoing basis to monitor impacts on the bay and in the port environs as the growth in throughput at the port occurs.

One of the other key areas the committee has addressed in its recommendations goes to the issue of monopoly power. Many of the submissions the committee received through the course of taking evidence expressed concerns about the potential for a private operator at the port of Melbourne to exercise market power in setting prices for services providers, in setting rents and in its conduct in allowing or not allowing access for various operations at the port. The history of this very much related to a decision by the Port of Melbourne Corporation earlier this year to seek to increase the rent paid by one of its stevedores, DP World, by some 760 per cent. This sent a very clear signal — or raised concerns broadly across the shipping industry and across port users more generally — that if such a proposal could come forward from the Port of Melbourne Corporation while it was in government hands and while it was subject to wide scrutiny as this legislation was approaching the Parliament, there is potential for similar types of price increases once the port is privatised and no longer in the public spotlight, as it is this year with this legislation. That is of great concern to port users.

The committee has responded to those concerns, which were widely held, in a number of ways. The first recommendation on the monopoly issue is a recommendation that the Port Management Act 1995, which is amended by this bill, be amended to reinstate as one of its objectives the protection of the interests of users of prescribed services — and I will go to prescribed services shortly. It was the committee's view that that has stood in the Port Management Act historically. It was proposed to be removed by this legislation, but it was the committee's view that we should very clearly articulate through the Port Management Act the view that protecting port users from the exercise of monopoly power was a legitimate objective of that legislation and should be retained.

In a similar vein, and drawing on previous work undertaken by the Essential Services Commission, the committee is recommending that the bill be amended to put in place a complaints mechanism to enable parties who are using the port of Melbourne and who have concerns about pricing or about the way in which the pricing mechanism proposed in the legislation is working to submit those concerns to the Essential Services Commission and for that to be reflected in the review mechanism that the legislation provides for the oversight of pricing.

One of the two key recommendations with respect to monopoly power issues is a recommendation in relation to prescribed services. The legislation currently sets up a framework which expands the oversight of the pricing regime at the port of Melbourne to cover roughly, we are advised, 86 per cent of port revenues. The mechanism that is proposed under the legislation is that a range of revenue lines as listed in the legislation are defined as 'prescribed services', and where a service is prescribed under the legislation, the new port operator is required to set its prices having regard to a building block methodology of price setting, which is basically drawing upon and looking at the cost of capital, the cost of depreciation and the operating costs of the port, and setting a price accordingly, having regard to the return required by the port operator. This is then subject to a review on a five-yearly basis by the Essential Services Commission to look back at whether those prices which were set by the port operator reflected what it is required to do under the building block methodology in accordance with the pricing order established by the government.

Because the current proposed extent of that pricing order is 86 per cent of revenue, it leaves an element of the revenue base at the port which is not subject to that price oversight mechanism, and inevitably, evidence to the committee suggests, we would expect to see significant price rises in those elements of revenue which are not subject to that type of pricing oversight. One of the key areas where that concern was expressed was in relation to port rents, and obviously again that is on the back of the DP World negotiations earlier this year, where a claim of a 760 per cent increase was put forward.

The committee has recommended that the definition of 'prescribed services' in the legislation be extended to include port rents. This would then allow the government, in establishing a pricing order, to specify in that pricing order, through an appropriate mechanism, the way in which rents were to be set. The building block methodology as laid down for other prescribed services may not be the best way in which that can be done. By extending prescribed services to include rents, the capacity is there for the government, by the pricing order, to ensure that monopoly power cannot be exercised with respect to the setting of rents, and the committee believes that is an appropriate mechanism to address the concerns that were raised. It gives the government flexibility in putting in place a mechanism, putting in place a cap on rents and determining the basis of that cap while giving some certainty to port users that they will not experience the type of rent increases that were attempted by the Port of Melbourne Corporation earlier this year.

The other key recommendation the committee has made with respect to monopoly issues is for a prohibition in the bill with respect to vertical integration. The intention of this recommendation is that it apply to stevedores and terminal operators seeking to become the port operator, which the government has said it will not permit — though that is not specified in the legislation; that is an intention the government has expressed through the expression of interest — and likewise to prevent the port operator subsequently becoming a stevedore or a terminal operator. The committee has recommended that this be encompassed in the legislation so it is clear to all parties — both the operator or potential operator and the current terminal operators and stevedores — that that prohibition is in place and is not something that is left to contract.

One of the challenges of this transaction with so many of its elements proposed to be set by contract rather than by legislation is that this chamber, in passing or in considering the legislation this week, is very much being asked by the government to take on trust the very substantial matters which are proposed to be enshrined in contract, and obviously that has even greater implications given that the duration of this lease is potentially 50 to 70 years.

The committee has recommended to the government that the prohibition on vertical integration be something that is enshrined in the legislation and that it not only apply in the direction the government originally proposed — being that stevedores cannot become the port operator — but also provide that, with the exception of exceptional circumstances, where a market failure or similar has occurred, the port operator subsequently cannot become a stevedore or a terminal operator.

The other key issues the committee addressed and recommendations the committee made relate to the long-term issues of the port. This is probably going to be one of the key issues the Council needs to deal with over the coming week, and indeed it is one of the key issues that has been the subject of public debate. That relates to the compensation mechanism, to use that term, that the government is proposing to put in place with this transaction.

Over the course of the inquiry the committee received evidence that concerns about sovereign risk are now at play in capital markets, particularly in Europe. This has been expressed to the committee as being on the back of the government's decision to scrap the east–west link contract earlier this year — on the back of the government proposing or indicating its willingness to propose legislation to void that contract. Evidence to the committee has suggested and indeed anecdotal evidence outside the committee has suggested that that course of action and indeed raising the speculation of legislation to avoid a contract has raised concerns about sovereign risk across capital markets.

In this legislation the government has proposed to provide some certainty to a bidder in respect of a future government's intention to develop a second or subsequent container port. The mechanism the government has proposed in this regard to provide certainty to a bidder is termed the port growth regime. The basic characteristic of the port growth regime is that it is a mechanism that will compensate the port operator for container trade which is diverted by a subsequent state-sponsored port away from the port of Melbourne if the port of Melbourne has not reached its capacity.

The committee took broad evidence on this particular matter, and as I indicated in my opening statement, this

is a mechanism that in a commercial transaction outside the sphere of public policy may be regarded as commonplace or appropriate. The committee took evidence from a range of advisers — transactional advisers to the government, financial advisers, legal advisers et cetera — that they regarded such a mechanism as appropriate in the circumstances.

The challenge for the committee, though, and for the Legislative Council from a public policy perspective is what such a mechanism means for the state over the 40, 50 or potentially 70-year horizon that this transaction is proposed to be in place, because what became evident from the port growth regime is that many of its key parameters are not yet known because they will be subject to contractual negotiation between the government and the successful bidder. Therefore what the committee was not able to establish was at what level the port growth regime and the compensation that it provides would cease to apply. Would it be when the port reaches what the government believes is its natural capacity of 7 million to 8 million 20-foot equivalent units? Would it be at a figure lower than that? Would it be at a figure higher than that, given that that matter is subject to negotiation and bidding as part of the contractual process?

What we were also unable to establish is what the state's exposure under the port growth regime would be. What is the maximum compensation that the state may be required to pay in the event that this mechanism comes into play? That is something that Treasury was not able to quantify. It is something that potentially could exceed the lease proceeds from this transaction, given of course — —

Mr Mulino — Where did you get that from?

Mr RICH-PHILLIPS — You know where I got that from. I will resist naming the Treasury officer. Given of course the time value of money and the fact that this mechanism is likely to come into place in decades — obviously not immediately — the uncertainty around it was of concern to the committee.

The basis of the government putting forward this mechanism was very much around the fact that a government would not seek to build a second port or support a state-sponsored port, which is the key trigger. Also of significant concern with such a mechanism is that a clear definition of 'state-sponsored port' has not yet been established either through the legislation or by contract. The basic premise the government put forward is that the state would not seek to sponsor a second port until the port of Melbourne reached capacity; therefore the likelihood of compensation being payable under the port growth regime was low.

The problem with that is that such a scenario does not have regard to the many other circumstances which could come into play over the next 50 years that would require the state to move on a second port. For example, if we were to see a significant adverse environmental consequence, such as the loss of a ship in the bay, it could put enormous pressure on the government to move container shipping out of Port Phillip Bay to another site. Growing congestion around the port of Melbourne environs, which is already an issue of concern to a number of members of this chamber, could lead to pressure being put on the government to move away from the current port of Melbourne site before it hits the proposed capacity of 7 million to 8 million TEUs.

There could be changes in the nature of shipping serving the Melbourne trade. The committee heard evidence that some of the next-generation ships of 6000 to 6500 TEUs have started to service Melbourne on occasion and there are physical constraints at the port of Melbourne in accommodating more than one of those ships at berth at any one time. Having two such ships at berth at Swanson Dock at once is not possible because of their length limitations. If ships of that size were to become the regular ships on the Melbourne trade, that would put pressure on the need to relocate from the port of Melbourne.

A government in the future having regard to not only shipping and logistics in this state but also broader public policy considerations may determine that having a container port on 510 hectares adjacent to the CBD is not the best use of that land in 50 years time or 40 years time, which again may be a trigger to move away from that port location prior to the port hitting its believed natural capacity of 7 million to 8 million TEUs.

There are a number of factors that could come into play and dictate or advise a government that a second port was required elsewhere prior to that natural level being hit, so the committee has recommended that the port growth regime as proposed by the government not proceed. I note that most of the port growth regime is to be provided for via contract rather than via legislation, with the exception of an element of clause 69 of the bill. The committee has further recommended that, given the contractual nature of the port growth regime, the legislation be amended to provide that the port growth regime proceed via legislation so that there is no capacity for the government to subsequently do it by contract contrary to the wishes of the Parliament if indeed the Parliament supports this recommendation.

The government has on a number of occasions expressed the view that a compensation mechanism is critical to this transaction. I say to the government that the constraints or unknowns around the port growth regime have made that mechanism unacceptable to the committee. The uncertainty around when it would be triggered, the uncertainty around the level of compensation that would be payable, the uncertainty around what a state-sponsored second port would be and indeed the constraints it would impose on flexibility for government in decades time to make decisions around a second port have been of concern to the committee. If the government has alternative ways to provide what it believes is necessary in respect of a compensation mechanism, it remains open for the government to propose those to the Council in consideration of this recommendation.

With respect to longer term issues, one of the other key recommendations made by the committee concerns clause 83 of the bill, which provides a mechanism for the Treasurer to require the up-front payment of the port licence fee. The port licence fee is a mechanism introduced by Parliament two or three years ago which requires the port operator to pay an annual licence fee to the state of around $80 million, indexed by CPI. The proposed changes to the legislation contained in clause 83 will give the Treasurer the capacity to require that the port licence fee not be paid on an annual basis, as is the current requirement, but be paid up-front as a lump sum.

The committee's concern with this provision is that it provides the Treasurer with almost blanket discretion to determine how that licence fee is to be paid and at what level it is to be set. The bill provides that the Treasurer may have regard to how the licence fee is paid on an annual basis, but it also inserts a subsection that says the Treasurer is not obliged to have regard to how it is paid on an annual basis. Therefore the bill provides the Treasurer with the discretion to require the up-front payment of a port licence fee to be set at any level and on any basis.

The committee had concerns about this area given the nature of the port licence fee as revenue of the state and the potential for revenue over 40 to 50 years, with the possible extension to 70 years, to be brought forward to the budget next year at the expense of flexibility for future governments and future generations in Victoria. The government's desire to bring forward the port licence fee has not been articulated widely by the government in its discourse. The committee was not persuaded that there is a rationale for why this should be paid as a lump sum to the government up-front in the current financial year rather than accruing to future governments on an individual yearly basis, as has been the case for the last two or three years.

The other key recommendation made by the committee relates to the proceeds of the lease. The committee took evidence across Victoria in relation to this proposed transaction. One of the strong messages the committee received back, particularly in rural and regional Victoria, was a belief that much of the value of the Port of Melbourne Corporation had been developed off the back of rural and regional Victoria, given that the majority of exports through the port originate in rural and regional Victoria. There is a strong belief in country Victoria that a bigger share of the proceeds should return to rural and regional Victoria, particularly with a focus on improving logistics infrastructure.

The committee in its final recommendation proposed to the government that it commit a minimum percentage of the net lease proceeds to logistics infrastructure in rural and regional Victoria. The committee has not set out what that percentage should be, but it is very mindful of the strong view held across rural and regional Victoria that the government's proposed use of the proceeds does not deliver a benefit to those parts of the state. Given the strong nexus between the value of the port and the contribution made to the creation of that value by rural and regional Victoria, the committee believes the government should clearly articulate that a proportion of those proceeds will be returned to rural and regional Victoria by way of improvements in infrastructure that will make the supply chain more efficient.

Over the course of the inquiry the committee received some 87 written submissions and conducted 58 hearings in Melbourne, Shepparton, Horsham, Geelong and Hastings. On behalf of the committee I thank those individuals and organisations for their input into the committee's work. I also thank the committee secretariat, led by Keir Delaney, and our specialist advisers, Dr Bill Russell, Natalia Southern and Will Georgiou, for their outstanding support of the committee's work. Finally, I thank my fellow committee members for their commitment, for their cooperation and for their goodwill, which allowed the committee to undertake a complex investigation in a compressed time frame.

The committee in its report has examined a range of issues that go to the question of whether the bill and the lease it supports are in Victoria's long-term interest. The committee by its recommendations has sought to address those issues to reduce uncertainty around the transaction, to preserve flexibility for future governments, to protect port users from the exercise of

monopoly power and to improve environmental monitoring around bay and port activities. The committee has recommended to the Council that it support the bill with a number of amendments and policy changes. The onus is now on the government to bring forward those amendments or acceptable alternatives to address the outstanding issues and to provide the Council with the confidence it needs to support this bill.

Mr BARBER (Northern Metropolitan) — As a member of this committee and also as a Green, I went to the inquiry unconvinced that the privatisation of the port of Melbourne was a good idea for a number of reasons, and the longer the committee went on I collected more and more reasons to oppose the privatisation. It is for that reason that I opposed the main recommendation of the majority report — that the port be sold. However, if the port is to be sold, we think that a large number of the other amendments to the bill that are proposed — to the regulations and even to the associated deal — should certainly be made.

It is clear that from the beginning both Labor and the coalition went to the election with a policy of selling the port. It is equally clear to me that the sell-off of the port has got nothing to do with the efficiency of port operations or of the broader supply chain itself. All the recommendations that the chairman, Mr Rich-Phillips, just took us through are about creating belts and braces, safety fences, seatbelts and airbags around the negative consequences of a privatised monopoly. Let us make it very clear: there is no-one out there with a bunch of money in their back pocket who is interested in buying this port except as a private monopoly. Private monopolies are what big superannuation funds like putting their money into. Whether it is airports, electricity utilities or any of the other analogies you look at, the story remains the same. We attempt to regulate them using a range of mechanisms; however, at best we can only ameliorate the effects of a private monopoly.

When I say it was never about efficiency, that is completely obvious from the testimony that we took. I asked Treasury and various other proponents of the sale what efficiencies they believed would occur as a result of the port shifting from public to private hands. President, you would not be at all surprised to know that the Port of Melbourne Corporation did not suggest that it was a bloated and unresponsive bureaucracy. In fact it was very hard to get anybody to pin down the exact area of efficiency which would occur under private ownership which could not occur under public ownership. It was never about that. For both the parties — coalition and Labor — it was about realising some cash from a sale to use on another thing, and they have various ideas amongst themselves about what that other thing should be.

When you read the report you will see it is only incidentally that we talk about the efficiency of the port. This was an inquiry into if we are going to lease the port, how do we do it. Most of the evidence that has been brought to bear from various submitters has addressed that question, so someone with a stake in how the port is regulated has something to contribute on that question. But in fact the majority of people who submitted to the inquiry do not get a guernsey anywhere in the report. There is a select group of submitters whose evidence went directly to that question — the question of if we sell it, how do we regulate it — whereas there is all this other evidence that came in from people who are the ultimate port users and thereby the ultimate source of wealth that creates the port itself, mostly farmers and other sorts of exporters. When I put the question to them of how they feel about the port sale, it would not surprise you to know that many of them were agnostic and some of them were outright opposed to the port privatisation.

That is where we find ourselves. Shortly before coming in here we were reading in newspapers that there has been a secret, now not so secret, meeting between a whole series of figures from the coalition with the Treasurer and others to try to nut out this port sale. This morning's newspapers tell us that the proportion of freight that is coming in and out of the port that is carried by truck is rising, while every one of those submitters to the inquiry had the aspiration that rail would take the greatest share. So we are a long, long way from where we need to be.

We have read in the newspaper about a secret meeting, leaked obviously by either Labor or the coalition, or both, which seemed to have a pretty heavyweight attendance. From the coalition side I think there was the Leader of the Opposition, Mr Guy; the Leader of The Nationals, Mr Walsh; the shadow Treasurer, Mr O'Brien; and the shadow Minister for Ports, Mr Hodgett. To this rumble they sent all their heavyweights; there is no doubt about it. But did they rumble, or did they just do a bit of a breakdance dance-off and then all decide to go home? It seems like it was the latter. It seems like this is something they would really like to deal with after Christmas, and that is exactly the point that I think needs to be made in my contribution on this report — that is, even as this is tabled and even as this is put before the Parliament for the interest of all other members, a negotiation is going on.

Mr Rich-Phillips understands that if all the recommendations put forward in the committee's majority report were to be implemented, it would be a deal breaker. It would be all over for the sale, particularly the bit he just mentioned about the port compensation regime that is the bit that makes it into a private monopoly, because organisations are not interested in buying. The big super funds and other financiers are not interested in buying things where they have to go out and strive to do better every day. They are interested in buying monopolies that are safe assets.

Even as this report hits the table with these many, many recommendations, the fact is that those recommendations are going to have to be chipped away if the coalition and the Labor Party are going to strike a deal. What I hope is that once those amendments are prepared, they will not be simply rushed in here and quickly debated during the committee stage, because even those submitters who were interested specifically in the question of port regulation ought to get to see those amendments and those regulatory measures before they are quickly voted on and passed by this chamber. That is the difficulty we face. We have actually had a very wideranging, extensive process where many people have been engaged. I have sat on many committees and I have to say that this was a very good committee. It was well chaired, it was well supported by the secretariat, all members went forward in a very cooperative manner and it was an example of parliamentary committees at their best seeking to get the information, the facts and the evidence out on the table.

But it seems now that the negotiations will go into some kind of back room over Christmas and then, on past experience in this place, once the deal is done we will suddenly find that we are debating the bill and a series of amendments will be thrown on the table — probably circulated to the micro-parties as well, if we are quick about it.

Dr Carling-Jenkins — If we're lucky.

Mr BARBER — 'If we're lucky', says Dr Carling-Jenkins. I am including her and the Greens in micro-parties today. The Greens will get copies of the amendments as well, if we are quick on our feet. And very quickly it will be locked into law, as Mr Rich-Phillips said, for 50 years or possibly even 70 years.

I think it is very important that we now close the loop with those people who took the time and made the effort to give genuine input into what was a genuine inquiry process. Any changes that are being contemplated beyond what are recommended in this report must also be given some public airing. This is probably our most important publicly held strategic economic asset, and we absolutely cannot afford to get this wrong in some unholy rush by a group of politicians who simply want to build up their war chest for their own political purposes.

Mr MULINO (Eastern Victoria) — Let me start my contribution by echoing some comments made by the chair of the committee and the speaker immediately before me. I put on the record that I think a number of elements of this inquiry were very constructive and very well run. The committee received more than 80 submissions, many of which were very detailed and involved a lot of effort by individuals and organisations and I want to put on the record thanks to all those who submitted. I thank also my fellow committee members. We held public hearings on a number of days and went through an important process in a limited time to get to where we are today. Notwithstanding the fact that I am about to address a number of areas of significant disagreement, when people look at the minority report and our treatment of the recommendations as a whole, they can see that a number of recommendations have been accepted or accepted in principle. That is a very constructive way to move forward across the whole Council of micro-parties, macro-parties and those potentially in between.

I want to go back not 70 years but to last year, in particular to the election, and to discuss the lease of the port in the context of the last election. To start, I flag the broad policy context of asset recycling, which is a concept that is being discussed at great length at all levels of government in Australia. Asset recycling is a concept that I would say has bipartisan support. I say 'bipartisan' because I think it is fair to say that, while they might agree with it in some contexts, the Greens and members of some of the other parties are probably sceptical about it in the main.

In broad terms, asset recycling is the notion that it can be in the public interest to lease or sell brownfield assets which are low risk and have income streams that have certain characteristics and to use the proceeds for greenfield assets in which the private sector may not be willing to invest. In certain circumstances, where those proceeds can represent good value for money for the state and those greenfield assets are things it would be very difficult to get the private sector to invest in and where the state's budget is constrained, it can make sense to undertake transactions of that sort.

Where is asset recycling more likely to be attractive? One instance is where the income stream from the

brownfield asset is well understood, and that is certainly the case with the port of Melbourne. One instance is where the risk profile of the income stream is well suited to the investment portfolio of large long-term investors — so, for example, that would include the likely dividends of the port of Melbourne and it would include potentially the port licence fee (PLF), which is a certain income flow, with inflation added on. Inflation-hedged low-risk income streams are extremely attractive to large international infrastructure and pension funds. Asset recycling is also going to be attractive potentially where the brownfield infrastructure might require future capital expenditure, and finally, where there is scope for improved operational efficiency.

We would argue that all of those are present in the case of this particular piece of infrastructure, so asset recycling is something that is potentially in the interests of the Victorian community, and we believe that the transaction structure that is being proposed will see those benefits. An additional benefit is the commonwealth government's fund to pay bonus payments to state governments that undertake asset recycling under certain circumstances. I would note that this is not necessarily an offer from the Australian government that is open ended, so we cannot just debate this bill forever, thinking that that particular aspect of the transaction will necessarily lie on the table. That is a significant potential advantage to the Victorian community — a 15 per cent bonus on sales proceeds.

This is one aspect of the transaction from a policy perspective that I think is important to lay out on the table at the start. We have a significant brownfield asset, a core brownfield asset, but one whereby with a sensible transaction we can get very significant proceeds for the Victorian community. And we know that we have, with a growing population, a number of infrastructure needs. We went to the last election saying that one of the most critical infrastructure needs was removing level crossings. It is something that has been underinvested in in this state for decades. We know it is an important productivity enhancer. We know it is going to be critical, if we are going to invest more in public transport, to separate the road and the rail network at those critical junctures, and we know the people of Victoria want this — they voted for it more strongly than just about any other policy. We have seen this in poll after poll and in all sorts of community engagement.

Others might have other ideas as to what kind of greenfield infrastructure might be appropriate. We can have that debate, but clearly there are greenfield infrastructure needs and clearly some of those are going to find it difficult in some circumstances to attract private sector funding, so this is a sensible public policy transaction.

I want to deal with the other issue, which is whether port operations can be improved as a result of a transaction of this sort. I would respectfully disagree with Mr Barber in his characterisation of the evidence, because I am going to cite a couple of sources of evidence that I believe support the notion that privatisations, when correctly undertaken, can in fact improve the operation of infrastructure. I want to say from the outset that, in saying that, I certainly do not mean to imply that the Port of Melbourne Corporation is bloated. I certainly agree with Mr Barber that the corporation is well run; it is an efficient port. The question is not whether it is bloated or not; it is whether you can improve productivity and improve innovation.

In terms of the evidence, I certainly would not want people to believe just me on this. The Australian Competition and Consumer Commission in its submission said:

> The Australian Competition and Consumer Commission (ACCC) is of the view that the privatisation of government-owned assets, if implemented appropriately, is an effective way in which to promote efficient use of infrastructure in the interests of users and the wider community.

When its representative gave evidence on 30 September he said:

> We have often said that we are very comfortable with privatisation. We understand that the private sector will often operate assets more efficiently and if key assets are operated more efficiently, then that benefits the economy of Victoria …

One of the key elements of that regulatory structure is the pricing regime, and I will deal with that in a moment. I am not saying it is a guarantee or that it is something we assume, but I would simply say that there were a number of organisations that did give evidence that there was the potential for improved operation. Another one was the Victorian Employers Chamber of Commerce and Industry, when asked whether there:

> … should be the capacity for the private sector to bring in know-how, expertise and innovation and potentially increase the efficiency of the port's operations.

Its representative responded, 'Absolutely'. Then Qube also gave evidence to the same effect, as did others.

I am simply saying here that this is a transaction whereby in terms of public policy justification the government is definitely trying to achieve long-term

improvements in the operations of the port and long-term improvements in innovation to the benefit of the economy and to the benefit of users. That is definitely an objective, and I believe when you look at the balance of evidence that was presented to the committee, from both private sector organisations and indeed the ACCC, there is a credible case for that.

Secondly, I want to refer to the election last year: both the ALP and the then government went to the election with a policy of leasing the port of Melbourne. That policy was backed up by the electorate. I think it is critical to understand that. It is also critical to understand, in terms of context, that when this government inherited the reins in November 2014 a number of consultants had already been engaged. The previous government had already started the process, and as I will touch on later, the previous government already had a number of policy settings in place at the heart of its budget, such as the potential for an up-front port licence fee, but I will get to that in a moment. Those consultants were retained, so there is a much greater degree of continuity than one might imagine when reading this report. It is really not acknowledged in the majority report at all.

Not only did both parties go to the last election with the same policy but following that election — at which there was a massive mandate for this policy, a massive mandate for the level crossings removal — this government continued with the same expert commercial advisers. Just as the opposition, when it was in government, was taking the advice of those commercial advisers, we have taken the advice on commercial matters of those advisers and we have put that into the mix now that we are in government. As I will argue when I touch on a number of issues, I think it is clear from this report that the opposition has put forward a couple of recommendations that fly in the face of sound commercial advice.

I could understand — although I do not agree with it — if somebody wanted to say, 'Do not undertake the lease; do not ever do asset recycling'. If you take that position, fine, but if you go down that path, as the opposition did at the last election when it had a policy of undertaking the lease — it had a policy of undertaking a transaction in the interests of the Victorian community — then you cannot do it in the interests of the Victorian community if you fly in the face of sound commercial advice.

Before getting onto the two issues I really want to focus on as being particular areas of disagreement, I want to touch on the recommendations as a whole. As was noted by the chair of the committee, Mr Rich-Phillips, a number of the committee's recommendations were agreed to by both a majority of members of the committee and the government members of the committee. We agreed on a number of logistical matters and a number of reporting matters. We believed that those recommendations would strengthen the eventual outcome, and that will be a positive outcome from the select committee process.

The committee chair has done a good job of summarising the rationale for the recommendations as a whole. On the issue of rail logistics, the government members of the committee support in principle the notion of stronger incentives or even requirements for investment in rail capacity. That is probably something that even the Greens would agree with. Everyone is in agreement on the need for rail given the likelihood of significantly increased throughput over the coming decades.

Where we disagree with the majority report recommendation is in putting forward a very specific project. We believe it is appropriate to have a process that sets key outcomes and requires a competitive tendering process rather than presuming that any particular project is the right one. We say that because a number of organisations and individuals gave evidence about their own ideas as to what the best rail outcome might look like at the port. We believe there needs to be a competitive process at this stage. We also believe, given that we are about to embark on a lease transaction, that it would be important to have a process for tendering that is not overly long but that also allows the lessee, whoever that is, to get their feet under the desk, to undertake a bit of due diligence in a timely manner and then to undertake a competitive tendering process. That is one recommendation where we agree in principle. We believe there was a significant amount of valuable evidence of a logistical nature given to the committee. However, we disagree in terms of process and believe that any process for a rail project for increased rail capacity should be competitively undertaken.

Another issue I would like to draw out is the pricing regulation regime. Of the three recommendations relating to pricing, government members have accepted two recommendations. We agree in principle to the one relating to rents, because we agree that the issue of rents needs to be looked at by the Essential Services Commission (ESC), but we disagree with the particular mechanism. I stress that we received valuable insights into this issue from a number of different sources. We thought that the government's movement on this issue of the pricing regime, in discussion with stakeholders but also with the ACCC, was a very positive step

forward. To put this into context, it is important to note that what is being proposed on economic regulation is considerably stronger than what we currently have in place. It is clear that just about every stakeholder agreed with that concept, certainly the ACCC did, so that is an important point to put on the public record. In addition, it is clear that the pricing regime that is being proposed is stronger and more rigorous than at other ports.

As Mr Rich-Phillips noted, that regime — the regulation of prescribed services through the building-block approach — will cover something of the order of 86 per cent of revenues under the current port business model. Mr Rich-Phillips notes that the other 14 per cent is an area where there is potential for the misuse of market power. What we would argue is that the other 14 per cent, which is market rents, relates to a set of transactions that are fundamentally different to the way in which infrastructure charges are levied. The building-block approach is appropriate for significant capital-intensive long-lived assets and the way in which charges are imposed on users for those assets. What we have with the 14 per cent of revenue applied to rents is a series of commercial transactions which we believe are better dealt with through the mechanisms that are currently in place, such as third-party expert arbitration when there is a disagreement.

Mr Rich-Phillips noted a recent instance of a disagreement where there was a rent claim that was significantly higher than what was ultimately put in place by the arbitrator. This says a couple of things to us. Firstly, this is the nature of rental disputes, and benchmarks are often difficult to come up with. One finds that quite often one or other party will come up with a benchmark based on related transactions. Secondly, it is really then up to the independent arbitrator to decide which of those claims make sense. We believe that the recent example that Mr Rich-Phillips referred to is actually an example of the system working, and so what we see in the agreement between the government and the ACCC is a strengthening of the processes around rent, such that those kinds of arrangements will be mandated for all rental agreements.

It is also worth noting that the agreement with the government will require the ESC to examine rental agreements to determine whether or not there is potential for the misuse of market power. This is a very standard approach when it comes to regulating monopolistic or other situations where there is potential for the misuse of market power. It is standard operating procedure for economic regulators, whether they be at the state level or the federal level, to examine the market to see whether there is potential for the misuse of power before going down the path of imposing a heavy-handed regulatory approach, and we believe that is the right approach here. We believe that we should empower and require the ESC to examine the extent of market power before we impose a one-size-fits-all approach.

We agree with two of the recommendations. On the rental regulation approach of imposing a cap, we believe that it is premature to go down that path and that a better approach is to require an effective arbitration regime, that a better approach is to examine rigorously whether or not market power exists and that a better approach is to use a more standard economic regulatory approach rather than a heavy-handed approach that may result in, for example, all sorts of red tape and unintended consequences, with the ESC having to get into the books of stevedores and other sublessees when it is not necessarily justified.

The final comment I would like to make before I get onto the two commercial matters that I want to focus on is just in relation to some of the analysis in relation to the potential capacity of the port and quantitative issues more generally. Government members felt that some of this analysis did not give an appropriate representation of the quantitative analysis that was given to the committee. I will not put all of that detail onto the public record; it is in the minority report. But in particular the concern related to the fact that too often weight was not given to sources in a way that reflected the degree to which they had undertaken rigorous analysis. For example, on the potential for the port to increase capacity or on the likelihood of capacity being met based upon projected trade flows, often every source was cited equally in a string of citations without that additional layer of analysis around which citations were more credible. That is a concern that we had in relation to some of the quantitative analysis, and that is explained in a bit more detail in the minority report.

The two issues I want to talk about in relation to the commercial manner in which this transaction was undertaken are the three recommendations that we have outright rejected. The first one relates to the compensation clause. We believe that if recommendations 11 and 12 relating to the compensation clause are reflected in the bill, that would represent an unprecedented restriction on the state's capacity to negotiate a lease that is commercially beneficial to the state and in the public policy interest of the state and the Victorian community.

What does a compensation clause relate to? Clearly we do not have time to go into all the ins and outs; this was one of the more technical aspects of evidence received.

Indeed it is fair to say that in many of the rounds of subsequent evidence from the Department of Treasury and Finance and the joint financial advisers, the compensation clause was the largest single component of their subsequent submissions; it is an extremely complicated issue. Fundamentally a compensation clause aims to provide certainty in relation to certain unhedgeable and sovereign risks particularly to foreign investors. It seeks to do so in a way that imposes a minimal restriction on future state activity.

What is the kind of certainty that we are talking about here? It is that an investor in a long-term asset may be concerned that a future state government might invest in a second international container port well before it is necessary. Clearly that may have — and indeed would likely have — the effect of taking container traffic away from the port of Melbourne. One might say, 'That's a very low likelihood. No state government in the upcoming decade or two is likely to have a spare $15 billion lying around to build a port that isn't needed' — —

Ms Crozier — What about your Melbourne Metro? Are you funding that?

Mr MULINO — The difference with the Melbourne Metro is that it is needed, and that is why the cash is going to be found for it. It is true that there is a very low likelihood. The problem is that even though there is a very low likelihood, we know from discussions with international investors that for them it is material. We know that even that very small risk of that outcome occurring is for them a critical matter in their deliberations as to whether or not they invest and at how much they value the asset. For them it may be a deal breaker; it may be that one or more bidders drops out of this race entirely if a compensation clause is outright banned.

What is the restriction that is being proposed on future state activity? Significant evidence has been presented to the select committee and is on the public record in relation to the restriction; it is very tightly defined. It applies only if there is state-sponsored support, so there is no restriction on a private competitor setting up a port of any sort that it wishes to. It is only in relation to international container trade. It is only if it occurs before certain thresholds have been met. It is only going to involve compensation around certain buffers. Finally, it will not restrict the state in any way from planning or building the port, but it will restrict the state in operating the port and in directly taking away international container traffic.

In addition to that there are other restrictions which one can find on the public record. The point is that in order to limit and alleviate a material and very significant concern on the part of international investors the state is having to give up almost nothing in terms of its future flexibility; it is a very good deal for the Victorian community. The key point to note here is that this is not about inflating the value of the asset; this is about not unnecessarily destroying asset value. That is a key framing of the issue. What we do not want is a transaction where we undersell the people of Victoria; that would be a disastrous outcome. What we are trying to do here is to get fair value, and that is why a compensation clause is needed.

When one looks at context, one sees that compensation clauses are not some unusual hyperconstructed financial construct that we have suddenly thought up; compensation clauses are the norm. Look at CityLink, the previous government with the casino, toll roads, airports — the list goes on. Compensation clauses are the norm because, when well crafted, what they represent is dealing with risks that are priced very heavily on the part of the private sector in a manner that gets a good outcome for the state.

This is possibly the most material failing of the majority report. What the majority report is clearly stating is that there be a legislative ban on negotiating a clause type that is standard operating practice. Somehow it makes sense, for reasons that are very unclear, to tie the state's hands behind its back, in a way that has not occurred on any other transaction.

I go now to evidence provided by Infrastructure Partnerships Australia, a body with representatives from government, investors, the private sector and constructors. It has a very broad representation. It said:

> … resolving the best option for this transaction —

in relation to a compensation clause —

> is beyond the expertise of this submission — and likely beyond the individual expertise of the committee's members.
>
> For this reason we respectfully submit that the committee agree an independent adviser to review the options and provide the committee with clear advice on the best approach.

It went on to recommend:

> Noting both the complexity and importance of this aspect of the transaction, we recommend that the committee engage an agreed, appropriately qualified transaction consultant to advise on the best approach.
>
> This would allow the committee to recommend the best value solution for taxpayers and for consumers, and recognises that

> this transactional issue is beyond the direct expertise of this submission and the committee.

I think it is telling that the committee did not engage any independent advice in this area. Indeed this committee has come up with a very strident and extreme recommendation without having gone down that path. This incongruity is disturbing, to be frank, and it is one of the two failings of this report.

The other issue concerns the potential for there to be an up-front payment of the PLF. The majority report recommends that there be a legislative ban on any up-front payment of the port licence fee. I want to put on the public record that this was a policy of the previous government. The previous government went to the last election with the up-front payment of the port licence fee embedded in its budget assumptions. Nowhere is that reflected in the report. Suddenly those opposite are claiming this is something that this government has come up with out of the blue and that needs to be rejected without any commercial analysis.

I find it interesting that a member opposite who has spoken on this report was in the cabinet when the last budget of the previous government was agreed but now makes no comment on it. I will be interested to see if any other speakers from the opposition comment on why the up-front payment of the PLF is such a disastrous policy now, when it was such a great idea in the last budget of their regime. There is no explanation as to why it suddenly has to be rejected, there is no information as to why it does not make sense for taxpayers and there is no commercial analysis. Those opposite cite a couple of witnesses who frankly were called based on their expertise in other areas. There is no explanation of the context.

I will touch on some issues around what is really a question of securitisation. There is no acknowledgement in the majority report that the PLF up-front payment will be a biddable amount. There is no acknowledgement that each consortium's bid will potentially include an up-front component that reflects its own financing structure and costs and will therefore be competitively determined. There is speculation around the issue of prices, but there is no explanation of how the up-front payment could put any upward pressure on prices, when the Department of Treasury and Finance's submission and subsequent submissions have made it very clear that the pricing regime is based on the building-block method and efficient costs and would not allow for any upward pressure on prices if the Treasurer were to nominate an up-front payment.

This is another material issue. The report fails to acknowledge that what the government has proposed here is a continuation of the policy of the previous government. It is a continuation of policy based upon the continuation of expert commercial advice. The previous government accepted advice from the same consultants that the current government is accepting commercial advice from on this very issue. We have people who were around the decision-making table now refusing to acknowledge that there was a previous policy and saying we cannot have the possibility of an up-front payment, and the rationale is pretty thin.

Those are the two issues based on which we have rejected outright three recommendations. On many recommendations we have accepted outright or accepted in principle the reasoning of the committee, which has done a lot of good work. Should a bill eventually be brought to the Parliament, and should it be amended in light of some of these recommendations, that would be a very good outcome.

Mr Rich-Phillips — You voted against that.

Mr MULINO — We voted against it because of the three recommendations that we have to reject outright. I take up that interjection because we believe these recommendations are absolutely not in the interests of Victorian taxpayers, the Victorian community or port users — and of course there is overlap between those groups. Those three recommendations fly in the face of expert advice. We believe they cannot be accepted if we are to undertake this transaction on the policy basis that was jointly accepted before the last election.

Mr DRUM (Northern Victoria) — I agree with much that has been said by the previous speakers in relation to the way in which this inquiry was carried out. I want to congratulate all of the members from this house who were part of this inquiry. I congratulate the government for agreeing to the inquiry. The staff were able to work with the parliamentarians and the chair was able to work with the deputy chair to bring forward a worthwhile and important report based on evidence gathered over a period of some three or four months. I agree with Mr Barber; it was one of the better committee processes I have been involved in.

This report is critical. In terms of what the port means to the daily lives of Victorians, many people think that it only affects the dairy industry, the grain industry, the vehicle industry and some of the bulk commodities that come in and go out. But if people spend a few seconds thinking about it, they realise that the vast majority of commodities Victorians use on a daily basis come in through this port and then find their way into our retail outlets and our homes. Modern Victoria — indeed modern Australia — makes so few of its own

commodities. For those commodities we do make, the vast majority of their components or ingredients are imported.

If we get this wrong, Victorians will pay for it every day for the rest of their lives. Australia is an island nation and Victoria is one of the fastest growing and most dynamic states within that island nation, so it is critical that our overseas and interstate trade operates in the most efficient manner possible. That is why the lease of the port into private hands and all of the inherent issues that surround it need to be sorted out prior to the transaction taking place. Where it has not been clearly stipulated as to how it is going to work, the committee has done its work in highlighting those issues.

It will not surprise members of the committee that the first area I will touch on is the port growth regime because, as Mr Rich-Phillips said, we currently have a throughput at the port of around 2.5 million 20-foot equivalent units (TEUs) per annum and we have been told by the government and the Port of Melbourne Corporation that the existing port capacity is around 8.5 million TEUs. If you consider that that means the number of ships coming through the heads into the bay and passing under the West Gate Bridge is likely to triple, that is an interesting projection. We can look at other evidence. Victoria University, for instance, suggested that based on the available quayside metreage and with world's best practice operations behind that quayside metreage, the port would max out at between 5.3 million and 5.5 million TEUs. It is a significant difference. Irrespective of who is right and who is wrong, it is staggering that we are just going to leave this potentially critical part of the lease arrangement to a bidding process. Effectively we are going to let the bidders tell us what their projections are for the future capacity of this port.

We saw a headline in one of the newspapers last week about a secret plan to build a reclaimed island off Webb Dock, which is effectively somebody's plan to create additional capacity. Despite the repeated questioning of the Port of Melbourne Corporation and the Department of Treasury and Finance, which kept espousing the capacity as being around 8 million to 8.5 million TEUs, nobody within the committee was able to garner any clear information from the people from the corporation as to how they were going to reach a capacity of anywhere near 8 million TEUs. Yet the conflicting evidence was crystal clear. It was based on the available quayside metreage with world's best practice behind it.

I might add that the world's best practice in throughput is effectively double what we are currently doing. We currently move around 1200 containers per unit of space, whereas world's best practice is around double that. We will have to go an awfully long way from our current practices to reach world's best practice. We have to go an awfully long way ahead of the available quayside metreage to get anywhere near where the government says capacity is likely to max out. This is important because while the previous government had a plan which incorporated the full projections and consideration of where a future port or future ports were likely to be located in the future, this government has no plan for a future port. It is simply planning to max out the current location, and the legislation before the Parliament sees the port staying in that location for 70 years.

That gives us a few scenarios. We have to put three times as many ships through the heads into the bay and under the West Gate Bridge. We cannot go bigger because the bigger ships only just get under the West Gate Bridge now. We can go from around 3000 to 4000 TEUs to around 5000 to 7000 TEUs per ship; that would be about the biggest ship that would fit under the bridge and would leave ships coming through the heads with about a metre to spare in terms of draught. We currently have constant small-scale dredging, and members can imagine the future scale of dredging needed to cater for the bigger ships and a greater frequency of ships. That is another critical issue that has just been left to the bidding process. None of us really know what level of capacity will be bid and how that methodology is going to be worked through within the bidding process. It is a significant difference.

The other aspect which drew incredibly strong and powerful evidence was around what currently takes place around the City of Maribyrnong. The City of Maribyrnong has to deal with around 22 000 truck movements per day and a large portion of those are related to goods going mainly out of the port to distribution centres or from distribution centres to the port.

It is significantly important, when you look at the recommendation about the port rail project, that the government does not want it to be part of the amendments it brings forward and that finishing this project is not mandated, even though it has already been funded. The government is effectively saying it will recommend that the winning bidder do something in relation to rail, but that to me is simply another issue where the government is saying, 'We'll put that off into the future. If it gets done, fine, but if it doesn't get done, we'll put three times as many delivery trucks into the City of Maribyrnong to further congest the streets in that city'. As I said, the evidence is in the report. It is

very compelling and certainly makes for strong reading when you see the inconvenience that the people in that city go through on a daily basis.

As Mr Rich-Phillips said, this is not something that will be in place for 10, 15 or 20 years. We are talking about trying to put in place a regime that will see this state through for somewhere between 50 and 70 years. There was great banter during the committee hearings between Mr Ondarchie and government members in relation to the term of the lease, and it has become clearly apparent that it is a 50-year lease with a 20-year extension available at a flick of the minister's wrist if he wishes to extend it at any time in the future.

If we are looking to have this work done in accordance with the recommendations in the report, that is fine, but if we are going to put aside recommendations such as the mandated finishing off of this project, which has already been the subject of significant work, put aside, then that will be a serious concern for the people of the inner west of Melbourne.

The recommendations around stevedoring rents also need to be mentioned, following Mr Mulino's contribution. The government is saying that the fact that the 760 per cent increase was effectively dealt with shows that the current system works without further regulation. There is only one reason why this dispute was settled, and it is that this legislation was to be dealt with the following day. The port of Melbourne on behalf of the government was fattening the pig. There is no purpose in trying to skirt around this issue. It was trying to ramp up profits to show that it could get a significantly greater price for a 50 to 70-year lease.

The fact was highlighted that the port of Melbourne was leant on by the government so that it did not have a stench hanging over it as this legislation came to the Parliament. That nearly became matter-of-fact, as it was simply acknowledged that the government intervened. A whole range of conversations took place in the days before the Parliament was to deal with this bill, and all of a sudden the 760 per cent mysteriously dissipated and we ended up with something that everybody could live with. The government should not try it on by saying the system works. There is no doubt that unless rents are included in the pricing order we are going to face exactly the same pressure under a monopoly operator in the future. There is not much doubt about that at all.

As I said earlier, this is not just about exports; it has to do with every commodity that Victorians use on a daily basis. That is something we need to be very clear about. The evidence given to the inquiry by the Victorian Farmers Federation was very good. It suggested that what we should have been doing from the start was putting in place the very best and most efficient port operation regime possible. With a blank sheet of paper the government should have worked out exactly how best to take advantage of this once-in-a-generation opportunity — perhaps once in three generations — that came across its desk and get the very best port operation available.

If that regime is set in place and you can make some money at the end of it, that is fantastic, but let us not compromise this most efficient and world's best practice operation just so that we can get more money today. That is how the Victorian Farmers Federation explained the situation in its evidence to the committee. It felt that the government had got it back to front. Rather than putting in place the best regime and making sure that every potential conundrum was addressed, the government has put in place this monstrosity that has a whole range of problems. The government has already flagged that it is going to come back and make some house amendments to this bill. It is now suggesting that it is going to make more amendments. I would hate to think what the government would have been thinking privately of doing if it had had the numbers in this house and could just ram this legislation straight through. I wonder what it would have tried to fix up and what it would have just let go.

In concluding my contribution I will talk about some significant differences between the proposal that was put to the people at the last election, which was never actually turned into legislation by the coalition, and what the government is proposing now. Potentially one of the biggest issues that is yet to be resolved is what is going to happen to the proceeds generated by this lease arrangement. For the government to initially say the money was going not to the regions but rather to fund the level crossing removal program was incredibly arrogant and dumb.

Then when a few people started to kick up and make a bit of a noise about where the proceeds were going, to throw less than 3 per cent of the proceeds to regional Victoria was absolutely disgraceful. The evidence of people from the regions was just as damning. I hope the government is thinking about what it can put forward when it considers that over 50 per cent of the produce that goes out through the port originates from the regions and about 43 per cent of the products that come in find their way to the regions. There is a nearly 50-50 share of imports and exports between metropolitan Melbourne and regional Victoria, and yet we have a government that thinks it is fair that 97 per cent of the proceeds go to Melbourne and 3 per cent to the regions.

I beg to differ, and I think most Victorians would think there is a slight inequality in the thinking of the Andrews government on this issue.

There is a huge contrast in the way the two parties have gone about this process. There is possibly nothing more stark than the vision laid out by the previous government — rightly or wrongly, by the way; I am not here to talk about right or wrong. But at least one side of politics had a vision for the future and clearly stipulated how it would work. This government is simply trying to get whatever it can for the sale of the port lease today and make no provision whatsoever for the future.

Ms SHING (Eastern Victoria) — I rise to speak to the report which has been tabled today. In doing so I note the very significant contribution made by those who provided submissions and evidence to the inquiry in the course of a number of metropolitan and regional hearings. The 87 submissions that were received were a very significant part of the committee's processes and deliberations and were fundamentally important to the way in which the report and minority reports were prepared. I thank those who participated in the process and ask them to know that their contributions were considered fulsomely in the course of the inquiry.

I would like to note that the secretariat and administrative support staff provided excellent assistance to the committee, often in quite challenging circumstances. Any parliamentary inquiry of this magnitude requires a great degree of dexterity in the way resources and support are provided so that everything from Hansard through to the order of witnesses is managed and conducted in the most streamlined way possible. Again, the gratitude of the committee cannot be underscored enough in that regard.

I thank my fellow committee members for the way they participated in the process. It was a fulsome process. It was one that involved often vigorous interchange between witnesses and committee members but also between committee members. If you are inclined to read the transcript, you will note that the question of the duration of the lease came up on multiple occasions and that another member of the committee, who I hope will speak to this report today, was very quick to engage on the duration of the lease being 50 years versus 70 years. I look forward to his contribution in that regard. I also note that it is not so far away from where both major parties took their commitments to the election last year. In that regard 50 years will be the duration of the lease, as is expressed in the report.

I note from a number of comments made by Mr Drum that issue has been taken with DP World and the rent dispute that arose, which I think was also referred to by Mr Rich-Phillips, the committee chair, in his contribution and which foreshadowed the threat of a 740 per cent rent increase as a possibility, which then led to a dispute. Concerns arose about the role which the Department of Treasury and Finance played in the course of the dispute, which was resolved in a way which has now established a benchmark around the setting of rents at the port of Melbourne. It is not correct, as Mr Drum asserted, that the Department of Treasury and Finance intervened. Witness evidence in the course of the inquiry bore this out, and it is borne out in the transcript. It is in fact common practice for shareholders to be in the room in the event of any sort of dispute that takes place along the lines of a commercial negotiation such as one that was conducted in this instance, and for that to be read into in the way in which it has been suggested by Mr Drum in his contribution is, I think, not the full or accurate picture of what actually occurred.

I note also that in relation to the issue of compensation, which is ventilated extensively in the minority report, that the KPMG scoping study which was commissioned by the former government recommended there should be a compensation clause. This is quite a difficult pill in many respects for those opposite to swallow, and yet there is much common ground here. In terms of having common ground, the minority report should be read as something which sets out the issues — those opposite have named them deal breakers or problematic or intractable. But significant ground has been made in terms of consensus between those present on the opposite side of the house who are members of the committee and those government members who have signed the minority report and the terms attached to the main report.

Mr Drum referred to 3 per cent of the sale price being allocated to regional funding as a consequence of the transaction. It is not a sale. We are not talking about selling the port; we are talking about leasing it, and 3 per cent is a very cute figure to bandy about, because what we have seen is the $200 million agriculture and infrastructure fund, which was announced with great support from the Victorian Farmers Federation, on top of the already significant and in many cases record-breaking investment in regional initiatives in this year's budget.

Witnesses who appeared before the parliamentary inquiry were clear about the fact that there are significant investments being made in the normal budgetary process toward enhancing everything from

freight and logistics to education, jobs and employment opportunities for people who do not live in the metropolitan centre or peri-urban areas.

I am going to keep my contribution mercifully brief for those who might otherwise be concerned about me taking up too much of the oxygen in the chamber. I note, however, that the witnesses who appeared before the inquiry were very clear about the levels of expertise and specialisation they brought and that it would therefore be inappropriate for the committee to read each contribution as having an equal level of specialisation. For us to ignore the evidence of the Port of Melbourne Corporation in its report, to ignore the 2006 and 2009 reports and to ignore commercial practice in relation to the operation of compensation clauses in commercial environments such as the casino, toll roads, other ports and airports would be to ignore the reality within which this transaction is proposed to proceed.

In addition I note that the Department of Treasury and Finance provided an extensive submission to the inquiry. That submission contains a very useful comparative analysis of the regulatory framework within which the proposed transaction would take place. It was acknowledged by those who had read the submission prior to giving evidence to the inquiry that the proposed regulatory framework would be a high water mark for regulation of a transaction of this nature around Australia. The coverage of the field in regulation of these terms is something which should not be underestimated. This has not been undertaken lightly. It has been something which has come with some very specific approvals and positive statements from the Australian Competition and Consumer Commission, the Essential Services Commission and other witnesses before the inquiry.

Let us not, therefore, make more of the differences than there is when we assess the evidence before the committee. The starting point, which is where I will finish my contribution today, is the common ground which was established in the course of the inquiry. To that end I look forward to further contributions on this matter that might crystallise the common ground that everyone shares — at least in terms of the main report and one of the minority reports — on the proposed transaction.

Mr ONDARCHIE (Northern Metropolitan) — I also rise to speak on the inquiry into the proposed lease of the port of Melbourne. What an interesting inquiry it was! What was the job of the committee, of which I was a member? Its job was fairly simple. It was to look at the structure and duration of the proposed lease, the potential impacts of the proposed lease on the development of a second container port in Victoria, the impacts on the environment, the impacts of the proposed arrangements on the competitiveness at the port of Melbourne, the effectiveness of the proposed regulatory framework and the analysis of that interesting balance between the short-term objective of trying to ensure a maximum price on the lease and the longer term objective of maximising the economic benefits for, and the wellbeing of, the people of Victoria.

I should start by saying that the committee received 87 written submissions and took evidence from over 58 witnesses at hearings in Melbourne, Geelong, Shepparton, Horsham and Hastings. We were well travelled. I would say that the committee operated with distinct professionalism and collaboration as we went about our business.

Ms Shing interjected.

Mr ONDARCHIE — I acknowledge the affection of Ms Shing from across the chamber, and I thank her for that, but let me say that apart from that added benefit we operated in a framework where we were able to acknowledge everybody's skills and abilities and contribute to the compiling of this report. I pay tribute to my colleagues on the committee: the chair, the Honourable Gordon Rich-Phillips; the deputy chair, Daniel Mulino; Greg Barber from the Australian Greens; the Honourable Damian Drum from The Nationals; Mr James Purcell from Vote 1 Local Jobs; and Ms Harriet Shing and Ms Gayle Tierney from the Australian Labor Party. Pulling this all together for us was the committee secretariat, led by Keir Delaney, together with a number of advisers who helped us through this process, including Dr Bill Russell, Natalia Southern and Will Georgiou, all of whom provided exceptional and outstanding support to the committee as we journeyed across Victoria. The secretariat managed the logistics of the witnesses and the written submissions as well.

I turn to the report. There are some issues that I will touch on a bit later today. As Ms Shing, Mr Mulino, Mr Rich-Phillips and Mr Drum referred to in their contributions, we discussed the appropriateness of a 50-year lease. As acknowledged by other speakers, through the course of the hearings I kept saying that we were talking in fact about a 70-year lease. It does not matter how you put the mix together; it was 50 plus 20, so it was a 70-year project. Disappointingly Ms Shing is not here to correct me! We had a chat about that, and as a committee we were not convinced about the reasons for allowing the government to extend the lease

beyond the 50 years for another 20 years, particularly given the view that a second container port, based on the evidence, would be required within that 50-year period. As a committee we recommend that the bill be amended to provide that a lease or licence be issued for no more than 50 years, and if the lease is going to be extended by another 20 years, the best place for that decision to be made is in the Parliament. It should not be made, therefore, by the government of the day.

As I mentioned in my opening comments, the other matter was about the port's competitiveness and efficiency. We know that making sure that the port of Melbourne is competitive and efficient is one of the top priorities, because this port plays a very important role in the economic viability of the state of Victoria. It is one of the busiest ports in Australia, if not the busiest. Unfortunately, however, some of the evidence we received suggested that Victoria's competitive position and our standing as having the largest container port are under some challenge. The recent privatisations in New South Wales and Queensland and other improvements to road and rail networks are increasing the competitiveness of those other ports as well. There were some suggestions through evidence that the growth of the port of Botany may be occurring at the expense of the port of Melbourne. Once again Mike Baird is taking jobs and opportunities out of Victoria and into New South Wales, and this government is sitting idle.

There are a couple of issues associated with the competitiveness of the port of Melbourne that the committee inquired into and received significant evidence on. One was an immediate commitment to completing the port rail shuttle project — the last mile, as it has been called. There have been a lot of discussions, and I know Ms Hartland has been very active in talking about the trucks around the inner west and the impact they are having on both residents and commerce. There has been a lot of discussion about completing that port rail shuttle project, $58 million for which currently sits in the state budget and has been sitting there since the coalition was in government, and nothing has been done.

There has been some suggestion that we need to do something about that straightaway. There was an expression of interest process that started to move, but it all sort of stalled under this government while it worked out what it wanted to do about the proposed lease of the port of Melbourne. So it ground to a halt, unfortunately, and what is happening in Francis Street and Hyde Street is that the trucks are grinding to a halt as well. The port rail shuttle needs to be done immediately, and that is the recommendation of the committee.

Similarly there needs to be a transport plan around the capacity of the port of Melbourne, particularly as the size of the containers — the 20-foot equivalent units, called TEUs — is growing and the number of containers moving around the port of Melbourne is growing, and there needs to be a plan for that. That is one of the recommendations of this committee.

There has been acknowledgement by the experts, the people who know more about this than this committee, that within the 50-year time frame there will need to be a second container port. But the government did not want to hear about this and has not mentioned it in the proposed bill. It wants to pretty well lock down Melbourne to one port and one port only for 70 years. There has been discussion around Hastings and Bay West, but this bill as proposed to us completely ignores any discussion around that. We think there has to be some planning around the additional port as Melbourne grows.

The compensation element of this bill is something that we will be debating long and hard. We have seen no movement from the government on that. We know many stakeholders expressed significant concerns, particularly around the impact that the port growth regime might have on investment for Victoria and competition. In fact the Australian Competition and Consumer Commission said this:

> Such a compensation regime would be likely to hinder the prospects of future competition, entrenching substantial market power at the port of Melbourne.

One of the issues, of course, is that there is a complete lack of detail around this compensation matter. There is a complete lack of detail about where the trigger points are.

Tragically one of the important things that the committee had to do — because it was opaque; because there was not any clarity — was to say, 'This does not work', because Victorians are not prepared to say, 'Okay, government, just forge ahead and we'll trust you to work it out on the journey'. This is significant for Victoria. This is not something that we should flippantly just deal with very quickly in order to pass the government's legislative agenda.

I make no apologies for standing up for the long-term economic benefit of Victoria. I make no apologies for making sure that we enact legislation in this place that provides opportunities, jobs and growth for Victorians. I make no apology for standing up against legislation

that will not cater for kids who are not even born yet in Victoria. That is our job. Our job is not to talk about short-term benefit for a government but to talk about long-term benefit for Victoria — to stop thinking in terms of 3 and 4 years time and start thinking about 10, 20, 50 and 70 years and whole-of-life benefits for Victoria.

What this proposal needs is an appropriate economic regulatory framework. The privatisation of assets such as the port of Melbourne is an important strategic decision. To turn that into a monopoly that locks Victoria into an economic regime for 70 years is something that I will not support.

The proposed changes to the objectives of the Essential Services Commission under section 48 of the Port Management Act 1995 reduces the focus on protecting the interests of users of prescribed services by ensuring that prescribed prices are fair and reasonable. One of the things that came to us as part of this inquiry was how we manage the costs. The government has come to us with an initial price cap of CPI for 15 years, but it does not talk about what happens after that. It is talking about a 70-year lease. It is saying, 'We'll worry about the first 15 years, and then we'll just throw it to the wind after that and just see what happens'. That is bad management. It reeks of desal mark 2: 'We'll just forge ahead with the project and just see how it turns out'. That is not appropriate decision-making for this state.

The government also proposes through the bill to limit the role of the Essential Services Commission. It goes to the matter of the regulation of land rents. One of the biggest messages we got from many, many stakeholders — many people who gave evidence as witnesses to our inquiry — was that they are worried about what happens after the lease transaction occurs. The government said continuously, on high rotation, 'We've got 86 per cent of the costs covered'. But that is not what the witnesses were talking about. They were talking about the other 14 per cent. They were talking about the pressures that would be brought to bear by a purchaser of that lease on the rents.

The government dodged and weaved, and we saw some movement; we saw a bit here and a bit there; we saw a bit of concession here and a bit of concession there. Quite frankly it was like following a golf game: every time the government got into a little bit of a bad position it pulled out a different iron and hit the ball in a different direction. That is why this is a worry right now. I will talk a bit more about this later in the day. I do not have any significant opposition to off-balance-sheet transactions, but as it stands, based on the report of the committee, this is not a good deal.

There were some concerns about the controls on vertical integration, about not allowing stevedores to be the successful bidders for the lease. But what was not happening was it flowing the other way: allowing a successful lease bidder to be a stevedore, to operate in that environment, to vertically integrate.

The government might say, 'We'll make some concessions on that and we'll do something', but if that is the case there can be a continual flow, and we are happy to talk to it about improving the quality of this bill and making required amendments. We are more than happy to do that; but it does smack a little bit of policy on the run. It does smack a little bit of thinking, 'Okay, there are some objections. Maybe we'll go this way and go that way'. One of the best things the government could have done before running down this thought-bubble legislation was to have a chat to the people involved. That is good policy.

Many witnesses who appeared before the committee, and committee members themselves, held concerns about environmental protection issues. There was discussion about the size and depth of vessels and their capacity to move through the Port Phillip Heads. I am not going to use all the appropriate nautical terms because I am not qualified to do so, but there was a concern that if these bigger ships needed to get through the heads, some environmental work might need to be done to make the heads more accessible. There were concerns about blasting and dredging and what impact that would have on the flora and fauna around our shoreline. We received lots of evidence around that, and it is still not clear.

The other issue is the port licence fee. The bill requires the port operator to pay a port licence fee each financial year, and currently it is around $80 million. The government is suggesting that it would like that amount in a lump sum as part of the bid. Here is the issue: if the government includes that lump sum as part of the bid together with what the government thinks the value of the lease is, we cannot unlock the two components. We cannot determine the true asset value of the lease. There is a bit of a smoke-and-mirrors game being played by the government. The opposition looks to the government to give Victorian taxpayers more clarity on what it is trying to do.

The most important thing is to ensure that future Victorians benefit from the proposed lease proceeds. Evidence received by the committee through the journey was that there was shock, anger and lots of frustration about a proposal where only 3 per cent of the total proceeds of the lease of the port of Melbourne would go to regional Victoria. We know the

government cut the country roads and bridges program, and it is making a significant investment in the rural hamlet of Mulgrave around bridges.

As the committee travelled across the state, many regional participants said, 'We're in agribusiness; we make a significant contribution to the use of the port of Melbourne, and in return, out of this, 97 per cent is going to metropolitan Melbourne'. They said, 'Hang on a flash, we think we should get a better deal than just 3 per cent for rural and regional Victoria'. I agree with that. The coalition is looking to the government to make a statement that it is not a Melbourne-centric government; that it has a focus on the economic needs and the future job prospects of Victorians in regional and rural Victoria.

Recommendation 1 of the report says:

> Subject to the government proposing amendments to the Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015 (the bill) and adopting the policy changes outlined in this report, the committee recommends that the Council support the bill.

The committee recommended that the Council support the bill, and what did government members say? Government members opposed the recommendation that the Council support the bill. I do not know where they are at on this. On recommendation 1 the minority report says, 'Reject'. Yet at some point in the committee's deliberations government members voted to accept the report. I am a bit confused with a government that says that it opposes the recommendation to support the bill but it supports the report itself. This response is consistent with how the bill was put together. The government is just moving around, if you will pardon the pun, depending on the tide and the current near the port of Melbourne. Therein lies the problem for Victorians. Victorians do not know what they are getting out of the proposed lease of the port of Melbourne, and the government is not doing very much about making it clear.

As legislators in the Legislative Council, our responsibility is to provide for the future of Victorians. This report does not make that clear. The opposition stands today saying, 'If you want to work this out, come and talk to us with some sense, because rule 101 is that we will apply common sense, but we need to hear something from the government'. I commend the report to the house.

Motion agreed to.

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Infrastructure projects

Mr MORRIS (Western Victoria) presented first report, including appendices, together with transcripts of evidence.

Laid on table.

Ordered that report be published.

Mr MORRIS (Western Victoria) — I move:

That the Council take note of the report.

In doing so I note that throughout this term of Parliament the Standing Committee on the Economy and Infrastructure will produce a report every six months on the progress of selected key infrastructure projects. This is the first of those reports. The projects examined in this report are still in the early stages, with many details not yet finalised. The committee's work in 2015 has focused on identifying the government's expectations of what its infrastructure projects will be, what benefits they will deliver and how the projects will be managed. The committee has identified crucial next steps for the projects and noted some areas of potential concern. Future reports will use this work as a baseline to understand changes in the projects and to track the development of the projects in the years to come.

This report sets out the information gathered to date. It should prove useful to any members of Parliament or the community wanting to better understand the current status of the projects under review.

In the lead-up to this report the committee invited a number of people to appear before it at public hearings. I would like to thank Mr Scott Charlton, Mr Kevin Devlin, Mr Gary Liddle, Mr John Merritt, Mr Evan Tattersall and Mr Robert Vaughan for their time and effort in meeting with the committee and for providing further information on notice at various times.

Throughout the committee's hearings issues relating to the state's infrastructure projects were raised and discussed with the officials listed above. The committee's hearing in regard to the level crossing removal project raised issues about how level crossings were prioritised for removal and found that the prioritisation of removals was a matter determined by the government and not set by the Level Crossing Removal Authority itself. In regard to the Melbourne Metro rail tunnel, the committee heard that the project

would require land acquisitions at the sites of the new stations, and concerns regarding the dumping of contaminated waste in the west of the city were also canvassed at our hearings.

The western distributor was another project of great interest to the committee. The committee found through its hearings that it was in March 2015 that the western distributor project reached stage 3 of the five-step market-led proposals guideline process, and there has been little to no progress from the third stage to date.

In addition to the public hearings, the committee sought information on a number of issues from the Minister for Public Transport, the Honourable Jacinta Allan, MP. While the minister did provide a response to the committee, I consider it most unfortunate that the response was not more forthcoming on the details requested by the committee. Transparency around major infrastructure projects is important to ensure proper scrutiny by the Parliament. I sincerely hope that the minister will be more forthcoming with assistance to the committee into the future.

I take this opportunity to thank my fellow committee members for the collegiate manner in which they have worked on this inquiry. I also note the hard work that all committee members put into this particular inquiry. I conclude by thanking members of the secretariat, on behalf of the committee, for the hard work they performed for our committee.

Mr EIDEH (Western Metropolitan) — I am also delighted to speak on the *First Report into Infrastructure Projects*, which was prepared by the Standing Committee on the Economy and Infrastructure. In doing so, I thank the chair, Mr Josh Morris, for tabling this report in the Parliament. I further acknowledge my parliamentary colleagues who have worked very hard in the preparation of this report: Dr Rachel Carling-Jenkins; the Honourable Philip Dalidakis, Minister for Small Business, Innovation and Trade; Mr Nazih Elasmar; Mr Bernie Finn; Ms Colleen Hartland; Mr Craig Ondarchie; and Ms Gayle Tierney, Deputy President of the Legislative Council. In addition to these members, I also thank members of the secretariat for their ongoing tireless work: Mr Michael Baker, secretary; Dr Christopher Gribbin, acting secretary; Ms Annemarie Burt, research assistant; Ms Kim Martinow de Navarrete, research assistant; and from the Council committees office, Ms Esma Poskovic, research assistant.

This report is the first of upwards of six reports that will be tabled by this committee and will look into Victoria's new infrastructure projects, including the level crossing removal program, the western distributor, the Melbourne Metro rail project, the sale or lease of the port of Melbourne and the Melbourne Airport rail link. The committee will release a report on each of these five key infrastructure projects every six months. I commend this report to the house.

Mr ONDARCHIE (Northern Metropolitan) — I rise also to speak on the *First Report into Infrastructure Projects*. I start by acknowledging my fellow committee members, as outlined by other speakers. In particular I acknowledge the work of our chair, Joshua Morris, for his positive attitude in the way he went about chairing our meetings, and the secretariat — Michael Baker, Chris Gribbin, Annemarie Burt and Kim Martinow de Navarrete — for their work and support.

There are five key projects that we are looking into: the level crossing removal program; the western distributor; the Melbourne Metro rail project; the lease of the port of Melbourne, which I know another committee is looking at; and the Melbourne Airport rail link. This report is a good first start into setting the parameters for how we are going to analyse those projects. The western distributor is up in the air; we do not know whether that is a western link or the western distributor. We do not know quite what it is. We did ask the Minister for Public Transport, Jacinta Allan, for some information. While she responded, it was not a very fulsome response, but you can be assured, President, that we will be analysing this even further as we go along with this activity.

We found out some things through the process that are associated with, for example, the Melbourne Metro rail project. There is concern about where the spoil from that will end up. There was some indication that the spoil from that tunnel will end up somewhere out near Melbourne Airport and spread at other places around Melbourne. Naturally enough communities are concerned that they may end up with dumped toxic waste in their communities. That is the benefit of these committees. We get to drill down, if you will pardon the pun, and find out exactly what is going on.

There are still some questions around the level crossing removal program, such as who decides in which order they are removed and what happens around disruption. Whether the contractor will supply the buses and do the timetabling, we are not quite sure, and this is all a bit up in the air. However, this house can be assured that this committee will do its job well in analysing the infrastructure projects.

Motion agreed to.

RULINGS BY THE CHAIR

Standing committee minority reports

The PRESIDENT — Before I call Mr Davis to present the report of the Standing Committee on the Environment and Planning, I wish to make a statement to the house to establish the position as I see it going forward in terms of the conduct of some of these committees.

A question arose during the work of the environment and planning committee's deliberations on its report into unconventional gas as to the capacity of participating members to present a minority report. Under our standing orders participating members are recognised, and in standing order 23.05 the following provisions are made for participating members:

> (2) On the nominations of the Leader of the Government in the Council, the Leader of the Opposition in the Council and minority groups and Independent members, participating members may be appointed to the committees.
>
> (3) Participating members may participate in hearings of evidence and deliberations of the committees, and have all the rights of members of committees, but may not vote on any questions before the committees.
>
> (4) A participating member shall be taken to be a member of a committee for the purpose of forming a quorum of the committee if a majority of members of the committee is not present.

The standing orders provide for participating members to participate in hearings of evidence and deliberative meetings and indicate that they should have all the rights of members of committees, but may not vote.

In respect of minority reports, the standing orders allow for a minority report to be prepared by any member of the committee, but they are silent on whether or not that power extends to participating members. Indeed standing order 23.28, which has the subheading 'Minority report', says:

> When requested to do so by one or more members of a committee, the committee will include with its report to the Council a minority report.

I was asked to consider whether or not participating members in this particular committee, and indeed as a precedent in other committees formed by this house, should have an opportunity to provide minority reports where they have participated in the proceedings and considerations of the committee. I have reflected on the standing orders that we have and on the fact that there is not an exclusion to the participation of participating members. To all intents and purposes they are entitled to participate in those committees fully, with the exception of a vote on the matters before the committee.

I have also taken the opportunity to refer to the Senate, which we often look to in terms of procedural practice, particularly in respect of our committees because they are modelled to a large extent on Senate practice. Where we have a silent position in our standing orders I think it is instructive to reflect on what other parliaments do and, as I said, particularly the Senate. The Senate's standing orders expressly allow for participating senators to lodge dissenting or minority reports — that is, participating members, not just the members who are formally nominated to a committee.

In that respect the Senate has a number of provisions, and as with our standing orders there is an allowance for leaders of parties or Independents within the Senate to nominate as participating members or to present a nomination for a participating member. Those participating members may of course participate in hearings of evidence and deliberations of the committees and have all the rights of members of committees, but may not vote on any questions before the committee, so it is a mirror of the position in our standing orders. The Senate also indicates in its standing orders:

> A participating member shall be taken to be a member of a committee for the purpose of forming a quorum of the committee if a majority of members of the committee is not present.

When it comes to dissenting reports — this is the additional test that the Senate applies that is not currently in our standing orders — under Senate standing order 38:

> (1) The chair of a committee shall prepare a draft report and submit it to the committee.
>
> (2) After a draft report has been considered and agreed to by a committee, with or without amendment, a minority or dissenting report may be added to the report by any member or group of members, and any member or participating member may attach to the report relevant conclusions and recommendations of that member.

Based on what I believe is a fair practice in this place that is not contradictory to our standing orders, and particularly on the guidance of the Senate standing orders, it is my determination that in respect of the committee report that I am about to invite Mr Davis to present to the Parliament it would be in order for participating members to have the opportunity to lodge minority reports where they have been involved in the proceedings and deliberations of the committee. To that extent there are a number of minority reports associated with the report that I now invite Mr Davis to present in respect of the environment and planning committee.

STANDING COMMITTEE ON THE ENVIRONMENT AND PLANNING

Onshore unconventional gas in Victoria

Mr DAVIS (Southern Metropolitan) presented report, including appendices, extracts of proceedings and minority reports, together with transcripts of evidence.

Laid on table.

Ordered that report be published.

Mr DAVIS (Southern Metropolitan) — I move:

That the Council take note of the report.

In doing so I want to first put on record my thanks to committee members, participating members and also particularly the committee staff — Keir Delaney and his staff. This was a very significant inquiry. It received more than 1900 pieces of evidence, either submissions or transcripts. It was a significant inquiry in terms of its complexity and in terms of the impact in the longer term of these matters on Victoria, particularly on Victorian industry and consumers. There are complex issues that were dealt with through this inquiry, and I want to pay tribute to the work of the committee staff, our scientist, our researchers and those who provided evidence to the committee.

I want to record directly my disappointment that the government did not provide the full support to the committee that we sought. We sought additional scientific support, but that was not provided. We sought additional administrative support, but that was not provided either. We sought to look at other jurisdictions, and I particularly single out Queensland and New South Wales, where there is significant unconventional gas activity and there have also been significant learnings potentially available to Victoria. It is possible also that learnings could have been derived from other jurisdictions as well, but particularly those two states I single out as examples of where we could have made significant progress in understanding the best way forward.

In the end the committee was not able to agree on any central recommendation. There are recommendations that the committee agrees on that relate to a series of steps around the better regulation of these areas, better ways of proceeding with examination of scientific matters and better steps in terms of health matters related to the unconventional gas process, but the actual central recommendation was not something the committee could agree on. I know the coalition members of the committee sought to support a continuation of the current moratorium for a further five years, and government members, who will no doubt speak in a moment, sought to put in place a permanent ban on unconventional gas activity.

My own view, and the reason for the inability to reach a conclusion, was that the government did not provide the level of support to the committee to enable us to make definitive conclusions. To make very clear conclusions we would have needed additional resources and additional capacity to look at other jurisdictions. It is important to make the point that the committee was sold short in that regard and did not reach a conclusion that many would have hoped it could have reached. The legitimate points that were raised by many across the community about safe practice in terms of gas extraction, whether it be conventional or unconventional, are important ones. The impact on our tourism, the potential impact on water resources and the potential impact on our important agricultural industries are things that cannot be dismissed lightly.

Notwithstanding that, there are genuine matters that are going to need to be dealt with in the longer haul. The likely increase in gas prices and the likely shortage of gas for industry and domestic consumers will need to be dealt with in the forthcoming period. The government will need to deal with these matters directly. Victoria has a significant economic advantage historically by having a very significant gas supply and a distributed network of gas pipes that provide support to domestic consumers and industry. Victoria's competitive advantage in that respect is at risk in the long haul, and that will need to be dealt with. We will need to make sure that the government does not block progress to achieve a better gas supply.

Ms SHING (Eastern Victoria) — It is a great privilege to rise to speak in relation to the final report from the parliamentary inquiry into onshore unconventional gas in Victoria, which was conducted as a consequence of an election promise made by the now government to examine fulsomely, forensically and by reference to an evidence-based approach the issues relating to unconventional gas and industry, which has been the subject of a moratorium in this state for a number of years. This issue has a long and complex history. It was the subject of earlier task force work which examined the potential for an onshore unconventional gas industry in the state. It has been the subject of extensive social commentary, and that was reflected in the number of submissions the parliamentary inquiry received. Written submissions were received both prior to and in the course of hearings, but in addition to that, oral evidence and

submissions were received from the floor in the course of hearings which were conducted in Melbourne and key regional areas.

It is important to note that this inquiry was conducted with an excellent level of support, and this is one point on which perhaps the committee chair Mr Davis and I can agree. We extend our gratitude to the secretariat: Mr Keir Delaney, Dr Catriona Ross and Ms Annemarie Burt, and to the Hansard reporters who were tireless in their assistance and their thoroughness in making sure that each and every single word was captured in the transcripts, such that we could have the most fulsome understanding of the issues from a community perspective, whether that be from industry proponents or people with a community-based interest or individuals who simply wanted to put a personal view on the issues which were the subject of the terms of reference.

A great deal has been said in the report about a perceived lack of support — —

The ACTING PRESIDENT (**Mr Morris**) — Order! The member's time has expired.

Ms BATH (Eastern Victoria) — I rise today to also give my thanks to those who have made possible the final report of the inquiry into onshore unconventional gas in Victoria. Tomorrow I will make some commentary around the substance, findings and recommendations of the report. However, today I would like to acknowledge that we have heard the viewpoints of many groups of people in the hearings and over 1800 submissions received from across the state. We have heard from environmental groups, community groups, farmers and landholders, the agricultural industry, gas exploration companies, gas markets, scientists, doctors, tourism operators and concerned citizens in a thorough and extensive contribution.

I acknowledge my fellow committee members for their competence and the constructive manner in which we all conducted ourselves during the hearings: chair Mr Davis, deputy chair Ms Shing, Mr Dalla-Riva, Ms Dunn, Mr Leane, Mr Somyurek and Mr Young; participating members Mr Ramsay, Mr Bourman, Ms Hartland and Mr Purcell; and former member Ms Tierney.

Specifically I would like to thank the committee staff. Special thanks to secretary Keir Delaney for handling the enormous volume of submissions and coordinating both our Melbourne and our regional hearings, which were held in Sale, Torquay and Hamilton, where we also had site visits. Keir showed a great deal of patience and professionalism in coping with us all.

I would also like to thank Dr Catriona Ross and Ms Annemarie Burt for helping us collate our thoughts and the many submissions into a workable document. Finally, thanks to the hydrologists and the other committee research assistants, including Anthony Walsh, and all of Hansard for their awesome job.

Ms DUNN (Eastern Metropolitan) — I rise to speak on the report into the inquiry into unconventional gas in Victoria. There is no doubt that the Greens have a long-held view in relation to unconventional gas activities. From my perspective I approached this committee with an open mind. However, all of the evidence provided to me has in no way changed my view in relation to the risks associated with unconventional gas in Victoria.

It was disappointing to me that the committee could not come to either a consensus or a majority decision in relation to a key recommendation in terms of the future of this industry in Victoria. To my mind — and this is described in my minority report — a permanent ban is in fact the best way forward if we are going to mitigate risk in relation to the state and take into account a whole lot of matters in relation to that. I will speak more to that in statements on reports on another day.

What I did want to mention now is the depth of community feeling present at the regional hearings held around the state. The amount of stress that people are feeling is profound; the effect that is having on their households is extraordinary. They are not sleeping; it is impacting on their family time and it is impacting on their roles as farmers, mothers, fathers, brothers, sisters, sons and daughters. I cannot say how profound that was to witness. When you have submitters in tears in front of you, it is very compelling.

Before my time is up I just want to say thank you to my fellow committee members and the secretariat. It was an extraordinary inquiry; it was extensive and a lot of work was done. I thank all the members of the secretariat for their support. I thank committee members as well, and I will speak more on it at another time.

Mr RAMSAY (Western Victoria) — In the short time I have available to me I want to thank the staff for their work on this inquiry and also the chair, David Davis, for taking us through what was a considerable amount of detail in hearing submissions. I was pleased to be able to participate on the committee as a participating member, even though, as the President

indicated, I did not have a vote. However, I did have the opportunity to participate, which was important to me, given western Victoria is a significant site for potential onshore unconventional gas exploration.

I note that the feeling not only of those who contributed to the inquiry, as Ms Dunn said, but more generally of people across the Western Victoria Region is that they are not yet satisfied that the risks have been mitigated to allow for unconventional gas exploration, particularly fracking, which requires the injection of high-pressure water, sand and chemicals into subterranean layers to force up gas. That process is particularly concerning to farmers and those who live in regional areas of the state.

I note that in their minority report the coalition members have seen fit to recommend putting in place a five-year moratorium to make sure we have the capacity to fully investigate the potential risks or otherwise of the impact of unconventional gas exploration, particularly to population settlement and also to agriculture and food production. As we know, water is a critical factor in the productivity and profitability of agriculture and food production, and that must not in any way be contaminated in the process of gas exploration — in any form, whether it be conventional or unconventional.

I will have more to say about that in statements on reports, but I thank the committee for the opportunity to participate.

Mr SOMYUREK (South Eastern Metropolitan) — Firstly, I would like to commend and thank the staff and my fellow members of the committee for their hard work and dedication during the inquiry process. In the 2 minutes available to me today I am not going to even try to prosecute the arguments I put forward in my minority report; I might try to do that tomorrow.

I will say this: I have to declare up-front that, like my colleague, I went into this inquiry with preconceived views on this particular issue — views that were formed during the four years that I spent as the shadow minister for manufacturing. Those four years were tumultuous times for the Victorian manufacturing sector due to the historically high Australian dollar, which reached US$1.11 in July 2011. The two-speed economy contributed to the record high Australian dollar, and Victorians lost their jobs en masse due to it.

Each day we would see on the television news and read in the newspaper reports of Victorians losing their jobs and manufacturing businesses either shutting up shop or scaling down their operations. Thus from my vantage point I do not want a second wave of manufacturers closing en masse in our state. I believe that where governments have policy levers at their disposal they should use them if it means saving or creating jobs.

Even though the committee was not able to reach an agreement on the principal recommendations of the inquiry, there was unanimous agreement reached among members of the committee that appropriate legislative and regulatory safeguards be put in place should an unconventional gas industry commence in Victoria.

Mr DALLA-RIVA (Eastern Metropolitan) — I am also pleased to contribute to debate in respect of the inquiry undertaken. Unlike others, in particular Mr Somyurek, I came in with no preconceived ideas. In fact, like most Victorians, I did not have any understanding of the difference between conventional and unconventional gas or onshore or offshore exploration. I think in the early stages it was good for the committee to get a thorough understanding and to take evidence from a variety of individuals who provided that detail.

We have heard acknowledgements of the various committee staff and members of Parliament. I also want to put on record my thanks to the submitters, both those who provided written evidence as well as those who gave oral evidence at the various locations around the state.

Like Mr Davis, the chair, this notion that somehow Victoria is the only place in the world you should go to to hear evidence is, I think, remiss. I have been in Parliament for many years. I share the view that seeing what happens around the world, indeed interstate, is something we should also be looking at. Earlier the President ruled on participating members of this committee based on the fact that a previous select committee went to various places around Australia to get the best practice model for the way select committees should operate. If we had not done that, we would have created something unknown. I just use that as an example.

We know that significant work has been undertaken overseas. To be blunt, the evidence is not quite there in terms of all the risks that could be associated with unconventional gas. One of the bits of evidence that came out of this inquiry which I think indicates that risk is always going to be there no matter what the industry is came during a presentation about offshore gas oil rigs. Their assessment of risk takes into account how likely it is that a meteorite would hit them. The reality is

that that probably would not happen. However, in order for that industry to operate it must calculate risk, so the notion that there will be no risk is not reasonable.

I acknowledge the work that has been undertaken which has contributed to the report and the detail of the work that is still to come.

Mr LEANE (Eastern Metropolitan) — Ms Shing and I have submitted a minority report with a recommendation that unconventional gas be permanently banned in this state. We believe the evidence before the committee was clear. We question whether this industry is necessary at all.

The final report of the inquiry makes recommendations for things that would need to be put in place to allow an unconventional gas industry to go ahead. The list of recommendations is far from comprehensive. It was agreed by the committee that the recommendations would have to be implemented by the government. I have spoken to Ms Shing about this many times, and I am unable to accept asking taxpayers to fund and resource the government to put provisions in place to enable the creation of an industry that taxpayers, particularly regional taxpayers, do not want in any shape or form. They see risks not just to their amenity but to major industries they have relied on for many decades, including a very successful dairy industry that exports.

To us it makes no economic sense to introduce such an industry. The government would have to fund a number of resources before it would be viable, and the majority of Victorians do not want it. Our argument would be that the funding and resources that would go towards enabling this industry to go ahead would be much better spent on renewable energy initiatives.

Motion agreed to.

Rate capping policy

Mr DAVIS (Southern Metropolitan) presented first report, including appendices, extracts of proceedings and minority reports, together with transcripts of evidence.

Laid on table.

Ordered that report be published.

Mr DAVIS (Southern Metropolitan) — I move:

That the Council take note of the report.

In doing so, I thank the committee staff for their support through this important inquiry. I thank the councils and community groups, including ratepayers groups, that submitted evidence. I also thank a number of the peak bodies, noting in particular the support of the Municipal Association of Victoria, which provided historical data and other information. This is an important step in the ongoing inquiry into the outcome of the government's rate capping policy.

There are significant recommendations in the report. I point to the recommendation in relation to the country roads and bridges program. This was a very important program for country Victoria that was discontinued by the current government. It provided $1 million a year to each of 40 councils in country Victoria. It was a very significant fillip for councils. I pay tribute to that program, and reiterate my concern and the concern of the committee, as expressed in the report, that it has been discontinued.

It is clear from the report and minority reports that the government has not yet introduced rate capping in Victoria. The Premier, then Leader of the Opposition, went to the election with a policy of introducing rate capping at the CPI. That is not what was introduced for this financial year. Rates across the state have gone up much more than the CPI. This is a significant breach of the promise made by the Premier.

The community very much understands what the CPI is. It is a figure that is released by the Australian Bureau of Statistics. The CPI to 30 June was 1.1 per cent. Council rates have gone up — —

Ms Shing — And the Department of Treasury and Finance and the reserve bank.

Mr DAVIS — Let us be clear. The Department of Treasury and Finance does not produce the definitive CPI figure. I put on the record that the government's policy has failed, with a rate rise of more than 3.8 per cent. If members doubt that, they can go and check their rate notices. They can do the calculations against last year and see if the figure has gone up more than 1.1 per cent. If it has, Daniel Andrews has broken his promise.

A bill passed this chamber in the last sitting week and is to be implemented — that is, the Local Government Amendment (Fair Go Rates) Bill 2015. It is clear that that bill will not cap rates at the CPI. The point here — —

Mr Dalidakis — Then why did you vote for it?

Mr DAVIS — I voted for it because the government claims an election mandate and said that that bill would fulfil its election commitment. But my job as a member

of the opposition and as committee chair is to probe the government, to push the government and to make sure that the government is held to account. The figures clearly show that the government is not keeping its promise.

The issue here is that councils are being borne down on by the government while the government is simultaneously stripping money out of them. Of course councils are going to have to react to this in some way. There are clearly areas that the committee will have to watch in the future. Will there be an increase in debt? Will there be an increase in fees, charges and fines by councils as they seek to fill the gap left by money stripped out by Daniel Andrews and his government?

As they strip money out, councils naturally seek alternative sources of revenue, and there are only a few of those available to most councils. They may well end up reducing and cutting services, and we have already heard examples of that. Most councils do an extremely good job, and they have a very legitimate point to make about how this rate capping policy is applied. The fact is that prior to the election the government made promises that are very difficult to keep. They have not been kept this year, and all the signs are that they will not be kept in the future. We need to protect council services, which are the community's services. We also need to make sure that infrastructure is not cut. Things like the country roads and bridges program should be protected — —

The ACTING PRESIDENT (**Mr Morris**) — Order! The member's time has expired.

Ms SHING (Eastern Victoria) — I rise to speak on the first report of the Standing Committee on the Environment and Planning into rate capping policy, following the ongoing reference it was given to report on the impact of the rate capping policy every six months. We are in for an interesting ride. As this first report foreshadows, the policy has not yet commenced, and the report indicates that it was only in the last sitting week that the rate capping bill was passed with the aid of this particular place. In passing this bill I believe Mr Davis, the chair of this committee, stood up and voted in favour of it after outlining a number of positions he had in relation to the rate capping policy.

There are a number of minority reports appended to the report. The main report has arrived as a consequence of a great deal of hard work by the committee secretariat and the staff of the Department of Parliamentary Services, including Hansard, and I extend my thanks and gratitude to them. I note that the minority reports appended to the back of the report include a media release issued in July by Michael O'Brien, MP, member for Malvern in the Legislative Assembly, which made a number of assertions about the way in which the fire services levy was increased. I want to be clear that this is an issue which is very easy to politicise and which led to the opposition's perspectives on a particular line of inquiry that is desired to be achieved.

I note that the fire services levy was increased after the former government failed to set it in any appropriate way. I note also that the rate capping policy itself will not be fixed by the bandaid proposals set out in the coalition's minority report in relation to the country roads and bridges program and that this is nothing more than a cheap political ploy to continue the work of the shadow Minister for Local Government.

Mr LEANE (Eastern Metropolitan) — When Mr Davis, as chair of this committee, made a self-reference that the committee report on rate capping policy every six months, I indicated to him that we did not particularly want to do Mr Davis's shadow portfolio work and that he might have to do that himself.

In the end I was wrong, because Mr Davis brought a motion to this chamber that the committee report on the rate capping policy every six months and he garnered enough numbers to get that up. Forgive me if I am a bit cynical about this whole process, but I believe the committee is being engaged to do Mr Davis's shadow portfolio work. When he did actually speak on the bill, I had heard it all before; I heard it during the committee hearings every time we sat in a public hearing.

There are a couple of issues here. The chamber seriously needs to consider whether people should be chairing committees on references that they have the shadow portfolio responsibility for. If we cannot see that as a conflict of interest, then what would we see as a conflict of interest? It is a sad waste of a committee's time when it is asked to give a report on a policy that has not even been implemented. Anyway the Parliament deemed that the seven members of the committee will continue to do Mr Davis's shadow portfolio work.

Business interrupted pursuant to order of Council.

QUESTIONS WITHOUT NOTICE

Drug harm reduction

Ms PATTEN (Northern Metropolitan) — My question is to the Minister for Training and Skills, representing the Minister for Police. A number of states held Stereosonic festivals over the weekend and the

past few weeks, and with them came substance use. As we saw in the *Age*, there were reports of six suspected overdoses in Melbourne last weekend, including by one man who is still in a serious condition. There have been some deaths at these festivals around the country. Pill testing is a harm reduction intervention available in countries including the Netherlands, Switzerland, Austria, Belgium, Germany, Spain and France. It has been lobbied for by most harm reduction specialists in Australia. My question is: will the government introduce a pilot trial of pill testing to help protect festivalgoers and reduce drug-related harm this summer?

Mr HERBERT (Minister for Training and Skills) — I thank the honourable member for her question and her interest in what was an absolutely tragic weekend of events for young people, who basically want to go to a festival, have a good time, enjoy themselves and listen to music. They are the sorts of things that so many people, particularly young people but also older people, enjoy as part of their recreational activity.

On the general issue of substance use this government has taken the problem of ice very seriously. We have a task force, and we have invested a lot of extra resources into it. It is our absolute commitment to do all we can to eliminate the scourge that ice is in so many communities and amongst so many young people — often people who are disadvantaged or who need help in forms other than the use of this horrendous drug. Can I say, though, that on the specific issue of whether or not we will do pill testing, it is way beyond my scope of expertise, and I shall refer that matter on.

Supplementary question

Ms PATTEN (Northern Metropolitan) — I thank the minister for his answer, and I look forward to hearing more. Obviously pill testing has been shown to greatly reduce drug-related harm. Some people might say that it sends the wrong message, but I think it actually sends a message that we care about our youth. I would be interested to know what other harm-reduction measures the government is planning for festivals in the future.

Mr HERBERT (Minister for Training and Skills) — As I indicated, particularly with ice and other very dangerous illicit drugs, the government has a very proactive agenda in terms of both education, particularly in schools and other vulnerable cohorts, and enforcement, as well as strategically looking at what we can do. I think it would be a pretty foolish person who would have a simple answer to what is a very complex problem. There is no doubt that ice addiction right across Victoria and Australia is a complex problem, and it requires a range of complex solutions to address it. In regard to future activity which may be contemplated in relation to abuse at music festivals, I will also take that on notice.

Firearms

Mr BOURMAN (Eastern Victoria) — My question is for the Minister for Training and Skills, Mr Herbert, who is the representative in this house of the Minister for Police. Comments attributed to a Victoria Police superintendent in the media on 29 November propose an array of different 'fixes' for the theft of firearms in rural communities and a bizarre statement that speaks to the skill of the superintendent's dentist. Assertions by the superintendent that 'thousands' of guns are stolen seems to be at odds with the numbers obtained and published by the *Weekly Times*, which states that 630 firearms were stolen in the entire state, with 366 being stolen from rural or regional locations. This includes major regional centres such as Sale, Bairnsdale, Ballarat and Bendigo, which cannot be compared to farms or remote rural properties.

Mr Dalidakis — Take your time. You've got a minute to go.

Mr BOURMAN — Apparently it is the minute that never ends!

It is commonly held that around 10 per cent of stolen firearms turn up after being used in a crime, which leaves us with about 3.66 firearms being stolen from rural properties or 6.4 firearms for the state that would turn up later. Ignoring the issue of unelected bureaucrats making public statements in an effort to make policy instead of just implementing it, I find yet again that the law-abiding citizens are in the position of having to defend themselves. I ask the minister: for the last five years how many legally held firearms have been stolen from rural properties from storage that meets legal requirements?

Mr HERBERT (Minister for Training and Skills) — I thank the honourable member for his question. Perhaps it is me who is the minister who never answers questions, but I hope not. I hope I am just the person up here answering. I also commend the member on his uncanny numerical ability in picking these different statistics out. I know it is an issue of strong concern to the member. It is a serious issue in terms of the removal of illicit firearms from our community. It is an issue we take seriously, and there

are of course a whole range of mechanisms for reporting.

On the issue of the difference between the figures mentioned in the comments of the superintendent and those in the *Weekly Times*, I guess it is fair to say that there could be a range of reasons. It could be timing. It could be the way statistics are analysed or presented. There are always a range of reasons. I will refer the question about how many firearms have been stolen to the minister for a detailed and accurate answer.

Supplementary question

Mr BOURMAN (Eastern Victoria) — I thank the minister for his response, and I suspect the supplementary question will be taken on notice. Exactly how many of these firearms that were stolen can it be proven were subsequently used in crimes?

Mr HERBERT (Minister for Training and Skills) — The member is not only numerically good but also a mind reader. I will take that question on notice and get back to the member.

Lost Dogs Home

Ms PENNICUIK (Southern Metropolitan) — My question is for the Minister for Agriculture, and it is in regard to the Lost Dogs Home in North Melbourne. Just over eight months ago the minister's department completed an investigation into euthanasia rates and animal welfare at the Lost Dogs Home. The report found that the euthanasia rate had been declining over the previous six years but accommodation needed improvement. The department ordered the Lost Dogs Home to improve its reporting and report to the minister every six months. The minister would be aware of recent reports in the media about conditions at the Lost Dogs Home, raised by former and current staff and board members, including dogs not being walked, programs being cut, the use of sedatives and ongoing accommodation issues. My question is: what action has the minister or her department taken in regard to these issues?

Ms PULFORD (Minister for Agriculture) — I thank Ms Pennicuik for her interest in this matter. As Ms Pennicuik indicated and as members would perhaps recall from comments made earlier this year, there was widespread community concern about what was described by most correspondents to me at the time as an unacceptably high euthanasia rate. The Lost Dogs Home is a domestic animal organisation whose operations are overseen by the Melbourne City Council. Some complaints came to the council, and there were a great many people who signed petitions. In particular there was a very active online campaign to bring this matter to my attention.

My department has the capacity to conduct inspections to ensure compliance with the code of conduct, and that was undertaken. There were a number of areas where the Lost Dogs Home was required to make improvements to conditions and a number of other areas that the investigation found were acceptable and fully compliant with the code. There have been in the last couple of weeks further media reports along similar lines. There have been similar concerns around welfare standards at the Lost Dogs Home. I have sought advice from the department about this, and my office has been in contact with the person who is now leading this organisation.

There has been considerable change in the leadership and management of the Lost Dogs Home since these matters were first raised earlier this year. There have been some challenges in properly understanding the sequence of these events and the times that different complaints have been made, but it is absolutely my expectation that any organisation will be compliant with the code. I know the Lost Dogs Home has experienced some pretty significant reputational damage, which I understand it is working very hard to overcome.

Supplementary question

Ms PENNICUIK (Southern Metropolitan) — Has the minister received the first six-monthly report, what was in it and is that the extent of the monitoring that is being undertaken by the minister and her department of the Lost Dogs Home? We all support the Lost Dogs Home to be a successful organisation, but I am just wondering what was in the first six-monthly report and what other ongoing monitoring the minister is undertaking to make sure the Lost Dogs Home is successful.

Ms PULFORD (Minister for Agriculture) — I thank Ms Pennicuik for her supplementary question. The ongoing monitoring and requirement to ensure confidence that the code is being complied with actually sits with the Melbourne City Council, and it was as a consequence of discussions with the Lost Dogs Home earlier in the year and indeed that investigation when it was agreed that it would provide a six-monthly report to me. The matters that have been raised in the last couple of weeks in some respects are different to the matters that were raised initially. The initial public interest in this was particularly around the

euthanasia rates. This is much more about conditions and overmedicating in particular.

In response to the first part of Ms Pennicuik's supplementary question, I have not received that report, but when I do certainly I will share its contents with an interested public and an interested Parliament.

VicForests

Ms DUNN (Eastern Metropolitan) — My question is for the Minister for Agriculture and is in regard to the VicForests annual report for 2015. This report indicates that VicForests has poor profitability and that its financial results are volatile and have been for a long time. The financial accounts do not include calculations for the loss of biological assets, their value as carbon storage or their value to water supply, and as they are not properly taken into account they are therefore massively undervalued and under-represented. In 2015 the profitability — the return for every dollar expended — was 2.8 cents for every dollar. The minister said in this house on 12 November that the 2015 annual report shows a very strong financial result. Does 2.8 cents in the dollar fall within the minister's profitability goals for VicForests?

Ms PULFORD (Minister for Agriculture) — I thank Ms Dunn for her question and for her ongoing interest in VicForests and indeed in the annual report. I wonder if Ms Dunn has read a different VicForests annual report to the one that I received and in fact that was tabled in the Parliament, because VicForests has had another profitable year, with net profits after tax of $4.7 million, its highest in over a decade. The Victorian Auditor-General's Office independent audit of VicForests annual report is positive, with no financial irregularities reported and with ongoing scrutiny, as we would expect of any public entity. Since being established VicForests has achieved over $20 million net profit, generated over $1 billion in timber sales and returned dividends to the state in excess of $6 million, so I think we are working off different premises here.

Supplementary question

Ms DUNN (Eastern Metropolitan) — I thank the minister for her answer. For the benefit of the house, if you get the profit figure and divide it by the expenses figure, you come up with 2.8 cents profitability, which is a standard accounting practice. However, my supplementary question is: in relation to calculating the losses on the VicForests balance sheet and to the state of Victoria, when will those calculations include losses for carbon storage and water supply?

Ms PULFORD (Minister for Agriculture) — This is a pretty wideranging supplementary question and invites all sorts of commentary on different accounting treatments, including federal government schemes as well, including some that do not exist — those in various states of review by the federal government, and on and on we go. If you do not mind, President, I might have a go at taking that question on notice, because I think Ms Dunn's question is based on a very unusual interpretation of the information that is provided in the annual report.

Construction, Forestry, Mining and Energy Union

Mr RICH-PHILLIPS (South Eastern Metropolitan) — My question is to the Leader of the Government. I refer to the allegations highlighted at the trade unions royal commission of corruption by the Construction, Forestry, Mining and Energy Union (CFMEU) in the Victorian building industry and the subsequent blackmail charges laid against two CFMEU officials, John Setka and Shaun Reardon, and I ask: what action will the government take to ensure that corrupt conduct of the kind alleged against the CFMEU and its officials cannot occur on major Victorian infrastructure projects?

Mr JENNINGS (Special Minister of State) — I thank Mr Rich-Phillips for his question. On any number of occasions during the course of the considerations leading up to the royal commission, the evidence that has been brought before the royal commission and the current circumstances before the royal commission, at every turn this government has said two things. One, it has said that it does not run a running commentary on matters before the royal commission. We have said that. That is the first issue.

The second issue is that the government has consistently said that the Victorian government will not tolerate or accept any illegal activity occurring in the name of the organised labour movement or of any other part of the Victorian community. If in fact corrupt, collusive, fraudulent, inappropriate or illegal activity takes place in any walk of life or in any organisational structure — whether it be business, whether it be the labour movement or whether it be in any walk of life — the Victorian government finds it unacceptable. We will insist that the full force of the law is brought to bear on any circumstances that would warrant the consideration of law enforcement agencies.

As to the provisions that Mr Rich-Phillips is talking about, ultimately the sanctions that may apply in the matters he has referred to are within the domain of the

police to investigate and enforce and for the courts to consider.

Supplementary question

Mr RICH-PHILLIPS (South Eastern Metropolitan) — I thank the minister for his response. I note his comment that the government will not accept conduct of the sort that has been highlighted at the royal commission. We have a situation where the Premier has refused to distance himself from the CFMEU and its leadership, and one of the first actions of this government was to revoke the Victorian code of practice for the building and construction industry, so I ask: how can Victorians have confidence that this government, with a Premier so closely and publicly aligned with the CFMEU, will act against corruption where it occurs in Victorian government infrastructure projects?

Mr JENNINGS (Special Minister of State) — There is no allegation that currently applies in the circumstances to underpin this question. There is no circumstance where there is evidence of this practice actually affecting Victorian government projects, and indeed the allegations that are being pursued through the royal commission need to be pursued through the royal commission or through any other law enforcement agency. In terms of any — —

Honourable members interjecting.

Mr JENNINGS — I am not getting into the area of speculation. I am certainly not getting into the area of anticipating actions that may or may never occur. But this government is very clear: the full force of the law will apply. The government's expectations are clear, and the government does not have a sense of a conflict of interest or a concern about these matters, because the government is very clear that the highest standards it would expect in Victorian construction take place within the public sector and, more broadly than that, beyond its responsibilities throughout the industry.

Construction, Forestry, Mining and Energy Union

Mr O'DONOHUE (Eastern Victoria) — My question is also to the Leader of the Government. I ask: since coming to government, has the minister or any member of staff met with Mr Setka, Mr Reardon or any member of the executive of the Victorian Construction, Forestry, Mining and Energy Union?

Mr JENNINGS (Special Minister of State) — I can tell Mr O'Donohue that, in a simple version, there has not been any formal meeting between those individuals and my office or me. However, I do not want to be overly defensive about this. I am a member of the Labor Party, and I relate to trade unions through Trades Hall Council. Through various meetings and through various conventions that take place across the labour movement it is very possible that I have encountered Mr Setka or Mr Reardon in the course of my normal responsibilities relating to the labour movement. I do not shy away from my encounters with anybody in the labour movement. I am happy, as a member of the Labor Party, to participate in the process of the Labor Party and the labour movement coming together to consider matters.

Supplementary question

Mr O'DONOHUE (Eastern Victoria) — I thank the minister for his answer, which I think was confirming that he has indeed met with Mr Setka and Mr Reardon. I ask by way of supplementary question: given the recent revelations, will the government now instruct all Labor ministers and members to immediately cease all interactions with the Construction, Forestry, Mining and Energy Union executive?

The PRESIDENT — Order! I will allow the question.

Mr JENNINGS (Special Minister of State) — Given that Mr O'Donohue immediately went to misrepresent my substantive answer, I am not going to give him any further material on that matter today.

Construction, Forestry, Mining and Energy Union

Mrs PEULICH (South Eastern Metropolitan) — I note the minister's stonewalling, which is in stark contrast to his previous comment that he and his government would not accept any corrupt activity, made in response to the earlier question. My question without notice is directed also to the Leader of the Government, representing the Premier, and I ask: given the Construction, Forestry, Mining and Energy Union chief, John Setka, and another senior member have been charged with blackmail and have a string of existing convictions for offences including assault of police, will the minister and the Premier now call on the Australian Labor Party to return the $876 541 it received from the Construction, Forestry, Mining and Energy Union as detailed on the last four returns listed on the Australian Electoral Commission website?

The PRESIDENT — Order! I cannot allow the question. It goes to a party matter, not a matter of government. I will give the member one chance to

rephrase it, if it is possible. It would need to be radically different from the question the member has posed.

Mrs Peulich — On a point of order, President, I anticipated your call. I note that in the recent Victorian Ombudsman report of March 2014, which contained a letter addressed to the Presiding Officers, *Conflict of Interest in the Victorian Public Sector — Ongoing Concerns*, a series of recommendations are made, but I think it is best summed up by the opening one:

> Conflict of interest is a critical issue for the public sector which requires constant vigilance and attention by public sector agencies and their employees.

I also note that there has been quite a bit of controversy about the method of the Premier winning the last election, which is currently under investigation, and also that the state government has made a submission to the Royal Commission into Trade Union Governance and Corruption. Indeed Mr Shorten has today unveiled a range of measures. What I am trying to say is that under standing order 8.01:

> Questions may be put to …
>
> > … ministers of the Crown relating to public affairs for which the minister is directly connected, or has responsibility when representing a minister from the Assembly, or to any matter of administration for which the minister is responsible …

As Special Minister of State the minister has far-ranging, wide responsibilities to do in particular with the integrity regimes — —

The PRESIDENT — Order! This is a point of order, not a debate. Let us get that clear. Mrs Peulich will go to the nub of the point of order, because she is not currently on firm ground.

Mrs Peulich — The minister is also responsible for the integrity regimes, which are directly under his jurisdiction and which go to matters like conflicts of interest. Noting also that the government obviously has a direct relationship with unions in terms of enterprise bargaining agreement negotiations and the admission on the ALP website that trade unions have a direct effect on government policy, I believe this goes to the heart of this government's administration. I believe, President, that you should reconsider and allow the question as asked, but failing that, I am happy to attempt to rephrase it.

The PRESIDENT — Order! Mrs Peulich has executed considerable debate. I withdraw the opportunity I had offered to rephrase the question. I indicate that the question is out of order because it does not go to a matter of government business. It goes to a matter that involves the Australian Labor Party. The minister does not hold office in the Australian Labor Party. The minister is a minister of the Crown. The question is ruled out.

Fonterra

Mr DRUM (Northern Victoria) — My question is to the Minister for Regional Development. The government has used the excuse of commercial in confidence when asked how much taxpayers contributed to Fonterra's Stanhope extension plan, announced last week. Is it at Fonterra's request or the government's insistence that the amount of the taxpayers grant is being kept secret?

Ms PULFORD (Minister for Regional Development) — I thank Mr Drum for his question and his interest in this significant investment by Fonterra at Stanhope, which will secure more than 100 jobs and create 30 new jobs at a very significant — and regionally significant — workplace that has been experiencing some uncertainty about its future since a fire around 12 months ago. Fonterra is to be commended for its commitment to continuing the employment of people whose work was particularly affected by that fire and indeed congratulated on its efforts in bringing this investment.

This investment is going to result in 45 000 tonnes of extra cheese. I have been wondering exactly what that looks like, but it is a lot of cheese, and it means a lot of jobs for this part of regional Victoria. This is a very important investment, and the government has provided support to Fonterra. As is typically the case, the kind of support the government provides to companies, to organisations, seeking to invest in Victoria can take many forms. As is long-established custom and practice, these are most commonly details that remain confidential for sensitive commercial reasons.

Supplementary question

Mr DRUM (Northern Victoria) — I have learnt over time, President, that when a minister stands up and tells a lie, I am not allowed to say that. But I am allowed to think it. My supplementary question to the minister is, and I refer her to the Premier's promise that he would lead a transparent and accountable government: how can taxpayers be assured this grant is value for money if there is no transparency for the Victorian public and, as yet, we have seen no business case around this grant?

Ms PULFORD (Minister for Regional Development) — The member is unbelievable. Governments of all persuasions, for all time — and this might have been something that the member could have picked up one day from my predecessor, Peter Ryan, when he was the then minister's parliamentary secretary for regional development — support companies to invest in Victoria in a number of different ways. It is a really important function of government, and sometimes — in fact more often than not — the very commercially sensitive details of these arrangements remain confidential. What Mr Drum ought to understand is that unlike the former government, we are working hard to create jobs in regional Victoria, and we should all be celebrating a significant investment by an organisation like Fonterra into regional Victoria.

Mr Drum — Your pants are on fire.

Ms PULFORD — President, did the member want to move a substantive motion about calling me a liar?

The PRESIDENT — I should hope not.

Victorian Comprehensive Cancer Centre

Ms WOOLDRIDGE (Eastern Metropolitan) — My question is to the Leader of the Government. At the beginning of the year the Andrews Labor government scrapped plans for Peter Mac Private at the Victorian Comprehensive Cancer Centre and cost Victorians 42 cancer beds and 4 operating theatres. Victorians are now aware that there is also a significant financial cost, which includes floor rental cost, lost tenancy and fit-out costs. Is it not a fact that the government's decision to cut these cancer beds and operating theatres has been a lose-lose outcome for Victorians with cancer?

The PRESIDENT — Order! I will call the minister and allow him to answer the question, but I point out that he has wide open spaces on this because it is calling for an opinion rather than being directed to a matter.

Mr JENNINGS (Special Minister of State) — Thank you, President, for your caution that I will do my best not to fall on the wrong side of. There are a number of policy considerations and there are a number of facts underpinning the decisions of the Andrews government not to proceed with the proposal that it inherited from the previous administration.

It is interesting that the member refers to a story and some facts, as she asserts, within an article that appeared over the weekend. But in that very same article that she relies on there are a number of facts about the disconnection in terms of the level of investment and the connectivity within the hospital itself that indicated that the previous administration had not appropriately funded the diagnostic connections or the clinical connections between the private ward and the rest of the comprehensive cancer centre.

There are omissions from her storytelling, omissions from the circumstances of the project that the government inherited. While the previous administration would have been happy to have one level of the public Victorian Comprehensive Cancer Centre assigned to private practice, none of the work on the way in which that service on that floor would have articulated into not only the research capability of the hospital on that site but also the interconnectedness with the Royal Melbourne Hospital on the other side of Grattan Street had been done to warrant the outcome she described.

Honourable members interjecting.

Mr JENNINGS — I am responding to the inconvenient truth based on fact, not opinion, of the legacy of the previous administration. The current government made the decision that in fact the public outcome of a public institution would be better provided for by fitting out that floor within the comprehensive cancer centre to actually make sure there is additional research capability, additional diagnostic capability, better opportunities for clinical practice to be revised and better opportunities for educational offerings in terms of international education or education that may come across the road from Melbourne University into that site. All of that capability was the preferred choice of the Victorian government compared to the legacy program that we inherited.

Supplementary question

Ms WOOLDRIDGE (Eastern Metropolitan) — I thank the Leader of the Government for his answer. He talked about the public outcome, and what will actually be on the 13th floor will be returned to the 13th floor, because much of it was already there, and about the impact of that. Following that, I ask: what is the financial impact, though, of the government's decision? What are the costs incurred and the loss of revenue to Peter Mac, the comprehensive cancer centre and the Victorian government as a result of the Andrews government's ideological decision to scrap Peter Mac Private?

Mr JENNINGS (Special Minister of State) — I think it is very premature to make the assumption of what the net financial implications of the variation may be, because in fact many of the issues that I have referred to in terms of the additional capacity of the comprehensive cancer centre, in terms of what the aspirations of this government are, in terms of its value, in terms of its performance, in terms of the improved clinical practice and public outcome — —

Ms Wooldridge interjected.

Mr JENNINGS — You may choose to keep on interrupting, but in fact you cannot escape from the fact that it is impossible to assess the net implication of those policy considerations of a project that did not proceed. In fact the in-built assumption that it would have delivered certain guaranteed financial outcomes is something that you cannot assert in terms of how it harmonised with the rest of the public offering at the comprehensive cancer centre. I am saying that the net financial variation is almost impossible to determine.

QUESTIONS ON NOTICE

Answers

Mr JENNINGS (Special Minister of State) — I have answers to the following questions on notice: 690, 1125, 1237, 1337–45, 1899, 1990, 1993–96, 2002–04, 2057–58, 2097, 2247–48, 2410–12, 2419, 2429, 2454, 2457, 2461, 2472–73, 2536–38, 2560, 2565, 2573–74, 2576, 2586, 2598, 2612–14, 2869–3077, 3078–3127, 3131–54, 3195–3206, 3227–38, 3327–42, 3359–74, 3719–30, 3784, 3786–3881, 3889–92, 3896–97, 3911, 4047, 4259, 4263, 4300, 4309–10, 4312–15, 4345–46, 4351–52, 4360, 4500–87.

QUESTIONS WITHOUT NOTICE

Written responses

The PRESIDENT — Order! I come to today's questions. In terms of Mr Drum's substantive question to Ms Pulford, Mr Rich-Phillips has given me a copy. I do not know how he came by Mr Drum's question, but at any rate he did me the courtesy of providing me with the question. I have looked at it, and I believe the question is in order to ask about a grant. I ask the minister for a written response and suggest that it might well be reconsidered in the sense that many grants are given to many companies, and they are usually the subject of photo opportunities and much publicity. It is a little irregular that in this case the minister is resorting to commercial in confidence in looking at this grant to Fonterra. Therefore the explanation sought by Mr Drum in terms of why this particular grant might be different and have commercial-in-confidence ramifications compared with other grants is a relevant issue to pursue. Some of the commentary at the time, particularly around the supplementary question, was most unhelpful and led me to consider some other action. That is one day — only on the substantive question.

In the supplementary question posed by Ms Dunn to Ms Pulford in respect of the incorporation of non-financial estimates of VicForests costs, the two that were mentioned were the water catchment issue and carbon storage. In her substantive question she mentioned some other elements, but the supplementary question only referred to those two elements. The minister indicated that she would be prepared to give a response to the supplementary question. That is due in one day.

In regard to Mr Bourman's question to Mr Herbert about how many guns had been stolen in rural areas and his supplementary question about how many might have been used in crimes, the minister has undertaken to see about getting further information on that. That is due in two days.

In regard to Ms Patten's question to Mr Herbert on field testing the quality of drugs at events to prevent deaths and overdoses and her supplementary question about other initiatives that might be taken in respect of reducing these incidents, Mr Herbert has also indicated that he is prepared to obtain further information for both the substantive and supplementary questions. Again that is due in two days.

Ms Wooldridge — On a point of order, President, I put to you, with regard to the supplementary question I asked in relation to the financial implications of the decision to scrap Peter Mac Private, that in the documents provided just two weeks ago in this house many of those figures were referred to but were blocked out. The minister attempted to say that it was impossible to quantify the figures, whereas his own documents show a lot of that work has clearly already been undertaken. I ask that you consider that the question was not answered. The minister said it was impossible to answer, when clearly a valiant effort in answering that question would be more appropriate.

The PRESIDENT — Order! I will have a think about that.

Mr O'Donohue — On a point of order, President, I put to you that the Special Minister of State did not

provide a response to my supplementary question, and I ask that he provide one in writing.

The PRESIDENT — Order! I decided not to pursue that one because I thought Mr O'Donohue verballed the minister. The member took the minister's answer totally out of context, suggesting he said something that he had not said. From that point of view I was not prepared to pursue it.

Ms Wooldridge — On a point of order, President, further to answers to questions, on 24 November the Leader of the Government was asked by you to respond to a question within two days in relation to the costs of the investigation into the complaint against the former Minister for Small Business, Innovation and Trade. Two days later the Leader of the Government came back and said he hoped to have a response to that matter by the end of the day, and you reported that to the house. That answer was not forthcoming on Thursday of the last sitting week. We are now two weeks on, and I ask that you ask the minister to respond to the question as requested by you on behalf of this house.

The PRESIDENT — Order! We have visited this matter previously in the house, and the minister and I have had discussions about it. I invite the minister to provide a response on this occasion.

Former Minister for Small Business, Innovation and Trade

Mr JENNINGS (Special Minister of State) — I thank Ms Wooldridge for her question. It has been alleged that I was embarrassed earlier today; I have not been, and I totally stand by any answer I gave earlier today. But I am embarrassed by the circumstances where I had the full expectation I would be able to provide that material to the house. I believe the matter is close to being finalised, but it was subject to an administrative overlay that prevents me from providing the answer to the house. I continue to be embarrassed by that matter. I continue to give an undertaking to the chamber that I will work to provide that answer, but I am unable to furnish it today. I will work on its availability to the house.

Ms Wooldridge — I hope it might be able to be this week. Mr Jennings has not provided a time frame, but it is now nearly four months since the question was originally asked.

Written responses

The PRESIDENT — Order! Before I hear from Ms Wooldridge on a new matter, I will respond to the one she put to me about the Peter Mac situation in her supplementary question today. Again in some extraordinary fashion Mr Rich-Phillips has come by Ms Wooldridge's question, and he has shown me the great courtesy of providing it to help with my consideration of this matter. Whilst the minister is quite possibly right in advising the house that it is not possible to quantify the full extent of costs and benefits associated with the change in the government's position in respect of allocation of space at the new comprehensive cancer centre, I am of the view that the minister might well be able to advise the house of at least the costs that are available to date. Indeed he may also indicate the benefits of what was to be accrued in terms of that changed position on the facilities at that hospital. I ask that the supplementary question be reinstated for a written answer, and that is within two days.

Ms Wooldridge — On a point of order, President, on 25 November Ms Lovell asked a supplementary question of the Special Minister of State in relation to the number of ministerial staff who have left the employ of the Andrews Labor government and also the total value of lump sum and redundancy payments. We received a response to these questions today in accordance with the standing orders. I thank the Special Minister of State for that, but the answers do not answer the question that was asked, which was very straightforward about a number and a total value of payments. I ask that you consider the response provided by the Special Minister of State, that the question be reinstated and that the Special Minister of State provide an answer to this house.

The PRESIDENT — Order! In respect of this question, I have the response provided by the minister and I have perused it. The minister outlines in his answer that there are many reasons why people leave the employ of the government, including ministerial staff — some are very short term appointments, some are secondments, some are people who go off to get jobs in other places of their own volition and so forth.

I am conscious, and I was conscious when I originally put this question to the minister for a written answer on the first occasion, of the usefulness of the figure. It is all very well to say, for the sake of argument — and this is a figure I simply use in a fantasy way, if you like — that 160 people have left the ministry and then to suggest that there is a crisis in government. As the minister points out in his explanation, that is not

necessarily the case — whether it is 160, whether it is 50 or whether it is 10 people — because of the different roles they might well have had and the different arrangements under which they were employed.

Nonetheless, and being concerned that this information is treated with the respect that it deserves in the context of what I think is a valid explanation by the minister, I take the view — and I have taken some advice on this one — that it is possible to provide a number which would presumably be a total of the people who may have left the government or the ministers' offices for any reason and would not necessarily in any way reflect on the government's administration. It would be possible to provide the number. To that extent I ask the minister to reconsider that matter in respect of the substantive question.

As for the value of payments, I am less certain that the government would have kept a record of the sum total of the payments to all the people who have left, because they are from different departments — some would be from the Department of Premier and Cabinet. I invite the minister to consider that as well, but I must say I am more focused on the substantive than the supplementary question. Again it is going to have to be within two days.

Ms Wooldridge — On a point of order, President — my final one for today — on 25 November once again the Special Minister of State was asked as a supplementary question to provide the total amount of a lump sum payment paid by the government to Ms Paul since the minister last updated the house in September. I thank the Special Minister of State for providing the response today, but again the answer does not respond to the question. The question qualifies it in relation to lump sum payments beyond the scope of normal outstanding entitlements. This is a matter that has been extensively in the public realm. This is a matter that has been canvassed in both chambers and outside by the Premier, the Special Minister of State and others. This was a very specific question relating to a very specific circumstance, and I ask that you reinstate this question because the answer did not qualify it beyond the entitlements. The question was very specific about any lump sum payment made.

The PRESIDENT — Order! This is a day where everybody will be unhappy and everybody will be happy on varied questions. I may need to seek refuge with the minor parties.

Ms Wooldridge paid me the courtesy of telling me that she may well raise this matter. I have given it consideration, and I have also sought some advice on this one. I note that the minister's answer to the supplementary question for which I sought a further response indicates in the second paragraph that the government does not intend to disclose or comment on the individual entitlements of public sector or ministerial staff. Given that the government has clearly indicated that it does not intend to comment further on this matter, I do not see value in me directing the minister to provide a further written response, which is likely to be exactly the same response. Therefore I will not ask for a further response. I suggest to the Leader of the Opposition that this should be proceeded with by another process of the Parliament, whether it is a take-note motion of this response or some other substantive motion at another time.

Ordered that written response of Special Minister of State be taken into consideration next day on motion of Ms WOOLDRIDGE (Eastern Metropolitan).

Ms Pennicuik — On a point of order, President, for clarification — back to today's questions and my supplementary question — I know the minister undertook to provide a copy of the report to her from the Lost Dogs Home when she receives it. The other part of my supplementary question was the extent to which the department is or has been monitoring the Lost Dogs Home and for her to provide those details.

The PRESIDENT — Order! I thought that the minister dispatched that question in the sense that she indicated she was quite happy to provide the report at such time as she received it for further consideration. I thought her response to that part of Ms Pennicuik's supplementary question was satisfied by the fact that she said the monitoring of the Lost Dogs Home was primarily a responsibility of the Melbourne City Council.

Ms Pennicuik — Thank you, President. It may be a responsibility of the Melbourne City Council, but the department has intervened in this issue and has required improvements to reporting and to reports. No report has been received, and we have issues being raised publicly with regard to it. That is why I wanted to know the extent to which the department has or has not been monitoring the Lost Dogs Home.

The PRESIDENT — Order! In the circumstances I will ask the minister to consider providing a written response to that matter. I think the word 'monitoring' might also cause some difficulty if we were to be literal in the sense that again it is Melbourne City Council's responsibility rather than the department's or that of the minister's staff. Maybe in terms of that written

response, the minister will cover some of the areas that have been discussed and the department's concerns, reflecting perhaps the community concerns that Ms Pennicuik has also raised, and comment in that vein rather than literally in a monitoring sense, given that I am not sure the department has that jurisdiction and that the report is still to come. We will have a written answer, and that will be tomorrow.

LONE PINE SAPLING

The PRESIDENT — Before we return to the business of the house, I indicate that in procedural terms we go back to reports before we deal with constituency questions. The only part of our proceedings that has a prescribed time frame is in fact questions without notice under the standing orders, so we need to go back and complete the business we have not yet completed before we move to constituency questions.

Very quickly, I inform the house that yesterday the Speaker and I, in conjunction with a number of other members, including Mr Drum, a former Minister for Veterans' Affairs, planted a sapling from the Lone Pine in Turkey. The event was attended by the Consul General of Turkey, and the sapling itself was arranged and donated for inclusion in our garden by Mr Frank McGuire, the member for Broadmeadows in another place, in recognition of the large number of Turkish people in his constituency, as well as of course recognising yet again as a significant matter the Gallipoli landing 100 years ago. Of course there is another connection between Mr McGuire's electorate and the Gallipoli landing, because much of the training of the troops who went to Gallipoli from Victoria occurred at the army training camp situated at that time at Broadmeadows.

The Lone Pine sapling has been planted over near the Windsor garden, and it joins the Separation Tree, which is in another corner of that garden. I think it is significant that we have these notable tree specimens that have a link with the history of Victoria and Australia, and obviously this is an appropriate place for us to accommodate those important commemorative trees. I extend my appreciation to Mr McGuire for his contribution and efforts in ensuring that the tree was made available to the Parliament, and I thank those people who were there.

STANDING COMMITTEE ON THE ENVIRONMENT AND PLANNING

Rate capping policy

Debate resumed.

Mr DALLA-RIVA (Eastern Metropolitan) — I am pleased to have been part of the standing committee that produced the *First Report into Rate Capping Policy*. There was a bit of a conundrum for the committee in terms of working through the aspects of this topic in respect of the fact that this is the first of a series of reports, and the reports themselves will be created every six months. We saw conflicting evidence about what the government was proposing and intending to do and what the evidence was showing, and that is the conundrum I was talking about earlier in respect of balancing the views of government and where the opposition believes it ought to be on this matter.

What came out quite strongly through the inquiry was what is expressed in the first recommendation, and that is about the bridges. I am sure Mr Ramsay will go into a bit more detail, being a country member, but it was pretty clear that the evidence was quite concerning to councils in respect of how that is dealt with. I am sure members opposite found it a bit hard to confront the realities of what their policy position has caused, particularly in country shires and councils.

One thing I find quite enlightening is the coalition's minority report, and it places fairly clearly on the record the position of the government before the election — the position it said it would take — and then the fact that once it was in government it completely flip-flopped and went back the other way. This has caused councils to be in somewhat of a conundrum as to what they need to do.

Mr RAMSAY (Western Victoria) — I would also like to contribute to the take-note motion on this report. I am somewhat surprised that Ms Shing would see fit to laugh her way through the contributions, because it is a serious matter. The government made an election commitment in relation to rate capping, but in doing so it pulled a significant amount of funds away from local councils.

It was important that we held regional hearings so those regional councils could not only make written submissions through the normal process but also attend inquiry hearings and put their case. In both Sale and Hamilton, where we concurrently ran hearings for the onshore unconventional gas exploration inquiry and the

rate capping inquiry, councils said very loudly and clearly that to be able to conform to the rate capping proposed to be introduced by the state government they would be severely compromised in terms of being able to continue to provide the sorts of services they have provided in the past. They would also have significant problems in being able to fund many regional projects, because the government has seen fit to cut the country roads and bridges program — a $160 million program that was a significant funding mechanism for local councils, particularly with the indexation of the federal assistance grants, which created more problems associated with funding streams for local councils.

I also take note of the fact that regional councils depend for over 50 per cent of their total budgets on the contributions of ratepayers, so capping rates and cutting funding, particularly out of the country roads and bridges program, the Regional Growth Fund and the Putting Locals First program, which all contributed funds to local council projects, will be devastating for regional councils and will mean they will have to look to increasing debt to be able to continue to provide the most basic services.

The ACTING PRESIDENT (**Mr Elasmar**) — Order! The member's time has expired.

Ms DUNN (Eastern Metropolitan) — I rise to speak on the report on the inquiry into rate capping. Firstly, I thank the secretariat and committee members, particularly the staff of the secretariat. Although this inquiry is fairly straightforward, the fact that it was running concurrently with the unconventional gas inquiry put an enormous workload on those supporting staff members, and they did an admirable job in terms of supporting us in this inquiry as well.

I also thank the peak bodies that presented to the committee, the local government authorities and community members. They paint a very bleak picture in terms of what is coming to communities in the future when we will see the closure of services and crumbling infrastructure as councils wrestle with what to do with their budgets under a rate capping scenario. It should be noted that those impacts will take time, as they filter through local government to local communities. So the benefit of this inquiry is that it is a rolling inquiry for the term of this Parliament, and we will be able to see, as rate capping digs further into communities, what those implications will be.

It will be interesting to see the measures taken, particularly in relation to the impacts on managing infrastructure gaps and maintenance and renewal of infrastructure, because I know from my experience in local government that councillors are remiss in getting rid of services ahead of maintaining infrastructure. It will be good to see that play out. I lament the losses coming the way of those communities. The Greens think it should be the community that has a conversation with its councillors to determine how much it is prepared to pay for its services.

Motion agreed to.

SCRUTINY OF ACTS AND REGULATIONS COMMITTEE

Alert Digest No. 16

Mr DALLA-RIVA (Eastern Metropolitan) presented *Alert Digest* No. 16 of 2015, including appendices.

Laid on table.

Ordered to be published.

Mr DALLA-RIVA (Eastern Metropolitan) — I move:

That the Council take note of the report.

In doing so I welcome the newest member of the Scrutiny of Acts and Regulations Committee (SARC), my colleague Melina Bath. Yesterday was probably a good introduction for Ms Bath in terms of the number of issues in respect of a range of bills. The bills covered quite complex matters in relation to the Charter of Human Rights and Responsibilities Act 2006. Professor Jeremy Gans was in attendance and provided an extensive report on the charter in relation to the Assisted Reproductive Treatment Amendment Bill 2015.

Having said that, the report on the Assisted Reproductive Treatment Amendment Bill with respect to the charter raised a range of issues about the privacy and freedom of conscience in relation to the effect of the new sections, which I encourage members to review. We have also suggested that the committee write to the minister on a range of issues, which are outlined on pages 4 and 5. There were also issues around freedom of expression with respect to some of the information that may be disclosed.

What came out of the SARC report, which was quite extensive regarding that particular piece of legislation, were the somewhat confusing issues — some would say the conundrum — that had to be dealt with by the committee. I commend the bill in that regard, but I also note that one of the other things, which Ms Bath would

have seen, is in respect of the report on subordinate legislation. It was very unusual because, in the meeting of the subcommittee beforehand, there were some issues relating to the Australian Rules of Harness Racing and the Australian Trotting Stud Book Regulations.

Mr Finn interjected.

Mr DALLA-RIVA — Thank you, brother. A report was made that referred to the Australian Rules of Harness Racing. Harness racing replied, and the Minister for Racing provided an outcome to the subordinate legislation report. The view is — and this was an understanding of SARC — that we would not find the minister's response until — —

Mr Finn interjected.

Mr DALLA-RIVA — It has been a long year, Mr Finn — for some it is three to go. But I must just say that the minister's letter would not be received until the annual report some 15 months later, so SARC held the view that we should perhaps reduce this report and have it included in this *Alert Digest*.

In conclusion I must say that this is year one in terms of SARC. We have worked collectively as a group. That is important for SARC because it has a role to undertake. Of course there are issues that can be a conundrum every now, but the fact of the matter is we worked effectively and responsibly and we delivered what I think was a significant number of reports, which have been applied in government via amendments to bills through the house of review.

With that, I thank committee members. I also thank the various committee staff, in particular its new senior legal adviser and executive officer, Nathan Bunt, who has taken on that role. I wish him all the best.

Motion agreed to.

ACCOUNTABILITY AND OVERSIGHT COMMITTEE

Victorian oversight agencies 2014–15

Ms SYMES (Northern Victoria) presented report, including appendices.

Laid on table.

Ordered to be published.

Ms SYMES (Northern Victoria) — I move:

That the Council take note of the report.

This is the third report of the Parliament's Accountability and Oversight Committee, with the last report being tabled two months ago on 8 October. The report examines the 2014–15 annual reports of the three agencies the committee has oversight over: the Victorian Ombudsman, the Freedom of Information Commissioner and the Victorian Inspectorate. The committee's report makes 13 recommendations to the Victorian government, with the objective of improving service provision and responsiveness to the public and providing greater accountability through transparent data and information reporting.

The report's recommendations aim to enhance the state's accountability framework. They cover the following areas: strengthening powers of the FOI commissioner to obtain documents and boost public and agency engagement, including early action on FOI requests by agencies; improving reporting by the FOI commissioner on outcomes achieved; providing people with clearer guidance when appealing FOI decisions of agencies directly to the Victorian Civil and Administrative Tribunal; supporting the release of information that is the subject of frequent FOI requests, which are likely to be routinely granted; implementing reforms on how protected disclosures are handled by the Ombudsman; allowing greater collaboration between the Ombudsman and agencies by reforming confidentiality provisions; enhanced reporting, with subsequent annual reports from the Ombudsman, identifying all approaches received, finalised and outstanding; and providing more information about the Victorian Inspectorate's methodology and processes involved when assessing complaints about the Ombudsman.

I would like to thank my fellow committee members: the chair, Mr Neil Angus, the member for Forest Hill in the Assembly; Ms Melina Bath; Mr Michael Gidley, the member for Mount Waverley in the Assembly; Mr James Purcell; Mr Nick Staikos, the member for Bentleigh in the Assembly; and Ms Marsha Thomson, the member for Footscray in the Assembly. Special thanks to the very competent committee secretariat staff, Mr Sean Coley, Ms Vicky Finn and Mr Matt Newington, for their expertise and support throughout our committee meetings and in the development of the report.

Motion agreed to.

BUDGET UPDATE

Report 2015–16

The Clerk, pursuant to sections 26 and 27D of the Financial Management Act 1994, presented report.

Laid on table.

PAPERS

Laid on table by Clerk:

Auditor-General's Report on Responses to Performance Audit Recommendations: 2012–13 and 2013–14, December 2015 (*Ordered to be published*).

Coroners Court of Victoria — Report, 2014–15.

Crown Land (Reserves) Act 1978 — Minister's Order of 15 November 2015 giving approval to the granting of a lease at Anglesea Riverbank Reserve.

Duties Act 2000 —

Treasurer's report of exemptions and refunds arising out of corporate consolidations for 2014–15.

Treasurer's report of exemptions and refunds arising out of corporate reconstructions for 2014–15.

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

Ararat Planning Scheme — Amendment C34.

Casey Planning Scheme — Amendment C217.

East Gippsland Planning Scheme — Amendment C124.

Hobsons Bay Planning Scheme — Amendment C102 (Part 1).

Knox Planning Schemes — Amendments C133 and C138.

Melbourne Planning Scheme — Amendment C283.

Moonee Valley Planning Scheme — Amendment C156.

Victoria Planning Provisions — Amendment VC107.

Whitehorse Planning Scheme — Amendment C158.

Wodonga Planning Scheme — Amendment C106.

Yarra Planning Schemes — Amendments C199 and C208.

Statutory Rules under the following Acts of Parliament —

Corrections Act 1986 — Nos. 140 and 145.

Crimes Act 1958 — Nos. 137 and 138.

Domestic Animals Act 1994 — No. 136.

Gambling Regulation Act 2003 — No. 139.

Mental Health Act 2014 — No. 141.

Supreme Court Act 1986 — Nos. 142 and 144.

Supreme Court Act 1986 and Sentencing Act 1991 — No. 143.

Subordinate Legislation Act 1994 —

Documents under section 15 in respect of Statutory Rules Nos. 125, 128, 132 and 135 to 144.

Legislative Instruments and related documents under section 16B in respect of —

Greyhound Racing Victoria — Rule Amendments, effective 1 December 2015, under the Racing Act 1958.

Determination of Standard Venue Conditions for Pre-Commitment Services, 19 November 2015, under section 3.8A19A of the Gambling Regulation Act 2003.

Ministerial Direction No. 146 — Standards for Registered Training Organisations, 19 November 2015, under the Education and Training Reform Act 2003.

Wodonga Institute of TAFE — Report, 2014 *(in lieu of that tabled 16 April 2015)*.

Proclamations of the Governor in Council fixing operative dates in respect of the following acts:

Education and Training Reform Amendment (Miscellaneous) Act 2015 — Remaining Provisions — 1 December 2015 *(Gazette No. S363, 24 November 2015)*.

Mental Health Amendment Act 2015 — Remaining Provisions — 25 November 2015 *(Gazette No. S363, 24 November 2015)*.

Serious Sex Offenders (Detention and Supervision) and Other Acts Amendment Act 2015 — Division 1 of Part 2 and sections 42, 44 and 45 — 1 December 2015 *(Gazette No. S363, 24 November 2015)*.

PRODUCTION OF DOCUMENTS

The Clerk — I have received documents in relation to the proposed railway station at South Yarra. I have also received the following letter from the Attorney-General dated 7 December:

Production of documents — documents relating to a proposed underground railway station at South Yarra

I refer to the Legislative Council's resolution of 2 September 2015 (see enclosed) seeking the production of:

a copy of all documents relating to an underground railway station located in South Yarra, in relation to either the Melbourne rail link or the Melbourne Metro rail project, prepared for, considered by, referred to or relied upon by, the Victorian government, including any

modelling and assessment of current and future demand for rail services at South Yarra.

I also refer to:

my letter to you of 5 October 2015, advising that the government required additional time to respond to the resolution; and

my letter to you of 14 April 2015, noting the limits on the Council's power to call for documents.

Those limits centre on the protection of the public interest. In that letter, I set out factors which the government would consider in assessing whether the release of documents would be prejudicial to the public interest.

The government has conducted a thorough and diligent search to identify the documents that may be relevant to the Council's resolution and has now assessed the documents against the factors listed in my letter of 14 April 2015. The government has determined that the release of two documents would be prejudicial to the public interest. Accordingly, the government, on behalf of the Crown, makes a claim of executive privilege in relation to the documents described, and on the grounds set out, in the attached schedule.

The remaining documents sought by the Council's resolution have been produced by the government. Seven of the documents that are relevant to the Council's resolution are copies of Council adjournment and constituency questions and replies, which are already publicly available on *Hansard*. For completeness, these seven documents are included in the response. One of the other documents also contains the names of individuals, which have been excluded in the interests of personal privacy.

BUSINESS OF THE HOUSE

General business

Ms WOOLDRIDGE (Eastern Metropolitan) — By leave, I move:

That precedence be given to the following general business on Wednesday, 9 December 2015:

(1) notice of motion 187 standing in the name of Mr Davis in relation to the production of documents for the Punt Road traffic flows;

(2) notice of motion given this day by Mr Purcell referring a matter to the Law Reform, Road and Community Safety Committee;

(3) order of the day 24 standing in the name of Mr Drum in relation to drought conditions in regional Victoria;

(4) notice of motion given this day by Ms Wooldridge referring a matter to the Public Accounts and Estimates Committee; and

(5) order of the day 28 standing in the name of Mr Finn in relation to the Andrews government's first year in office.

Motion agreed to.

MINISTERS STATEMENTS

Child protection

Ms MIKAKOS (Minister for Families and Children) — I rise to give the house a progress report on the targeted care packages to which I allocated $43 million in March. I am extremely proud to inform the house that our government has now utilised the flexible resources provided via our targeted care packages to enable the transition of 59 children and young people out of residential care into home-based care. This is very good news.

I want to share with the house the story of a nine-year-old boy who has faced a lot of challenges. This little boy has grown up with several disabilities, the most noticeable being that for much of his life he had no language — he was mute. His family circumstances were not happy. In fact they placed him at serious risk of harm. He had been exposed to family violence, and there were concerns about him being neglected and not attending school.

More than two years ago child protection placed this little boy in residential care. Due to his complex needs and his violent and aggressive behaviour to other children, he was unable to live with other kids. He was living on his own in a contingency placement. This little boy was attending a special developmental school, but apart from that he had little contact with the outside world. His future was not looking promising.

In August this little boy was identified as being eligible for a targeted care package. Foster carers were found and a special package was developed to support this nine-year-old boy to live as part of a family for the first time in more than two years. The package provides funding for play therapy for the boy, trauma-informed counselling and support for the carers, including in-home respite so the carers can take regular breaks. There is also funding support for family therapy and supervised access with his mother. In the three months this boy has lived in his new home he has started to speak. His carers adore him, and they are now renovating their home to better accommodate his needs.

I am sharing this story with the house because this little boy and children like him are at the heart of what we have worked so hard to achieve this year. I am proud that in our first 12 months we have already made a difference in the lives of vulnerable children and families.

MEMBERS STATEMENTS

Victorian Comprehensive Cancer Centre

Ms WOOLDRIDGE (Eastern Metropolitan) — What an absolute disgrace was the performance of Premier Daniel Andrews; the Minister for Health, Jill Hennessy; and the Labor government in scrapping the Peter Mac Private hospital at the site of the Victorian Comprehensive Cancer Centre. Thousands of people will miss out on world-class cancer treatment every year because of Daniel Andrews's blind ideological decision to cancel the Peter Mac Private hospital. There is absolutely no rhyme or reason for his actions, which have not only resulted in the scrapping of 42 beds and four operating theatres but also undermined future research and clinical trials, the hospital's workforce, fundraising efforts and the reputation of the Peter MacCallum Cancer Centre.

Do not just take it from me; these issues were highlighted in documents relating to the hospital's briefing to the department and to the minister which were provided to the chamber in the last sitting week. The documents show that each and every year over 8000 patients, including day surgery admissions, overnight admissions and chemotherapy admissions, will not receive treatment at the world-class Victorian Comprehensive Cancer Centre as part of Peter Mac Private. They show that $20 million of philanthropic support which was contingent on the private hospital being established will not go ahead and that the hospital will incur further expenses, including the cost to lease the 13th floor, loss of revenue and loss of extra rent. The hospital will also lose the use of the Victorian Comprehensive Cancer Centre clinical services — a $24 million fit-out. Daniel Andrews is clearly a man who is prepared to put his own political beliefs ahead of Victorian families who are fighting cancer. It is despicable behaviour that affects all Victorians.

VicHealth Awards

Mr EIDEH (Western Metropolitan) — Last Tuesday I attended the 2015 VicHealth Awards ceremony. Also in attendance were the Minister for Health, the Honourable Jill Hennessy; the shadow Minister for Health, Mary Wooldridge; the Leader of the Opposition, the Honourable Matthew Guy; and many other parliamentary colleagues from both houses.

Victoria is a world leader in health promotion, and thanks to the various health promotion projects across the state, our state is on its way to becoming the healthiest in Australia. These awards recognise excellence in health promotion amongst advocacy groups, arts organisations, councils, healthcare providers, sporting bodies and universities in important categories including promoting healthy eating, encouraging physical activity, preventing tobacco use, preventing harm from alcohol, improving mental wellbeing, communications in health promotion, building health through sport, building health through arts and research into action.

For nearly 30 years VicHealth has applied its knowledge and experience in advocating and providing policy advice to government. The organisation has worked hard to promote happy and healthy communities across Victoria. It was truly inspiring to be able to share this experience with the finalists and winners and to be able to acknowledge and celebrate the important role that each and every finalist plays in health promotion. I commend the winners of each of the 10 categories, as well as all the finalists and nominees, for their continued efforts. It is encouraging to see so many active projects working to create healthier and happier communities throughout Victoria.

Firefighter cancer compensation

Ms HARTLAND (Western Metropolitan) — The Greens have campaigned for the past five years for firefighters who contract cancer to get proper access to WorkCover insurance. Because volunteer and career firefighters work together side by side in Victoria, we have always fought for equal treatment under the law.

In 2011 federal Greens MP Adam Bandt led the change to laws to ensure that federal firefighters were protected. This reform triggered the consideration of this issue in states across Australia, and the Greens have always taken an active role in this. Here in Victoria we have been campaigning for law reform on this issue since 2011. We stood side by side with Brian Potter and so many other firefighters to say that such laws must change and that firefighters deserve fair treatment if they contract cancer that is related to their work as firefighters.

Due to the lack of action by the coalition government at the time, in February 2013 the Greens introduced legislation. This legislation was designed to give firefighters access to WorkCover insurance if they contracted certain cancers known to be associated with firefighting and met the qualifying time period, but at every turn the then coalition government blocked it. Coalition members claimed there was no science that connected the cancers to firefighting duties and made every excuse they could not to support it. There has been a recent campaign on Facebook with many coalition MPs signing a pledge. It is unfortunate that

they did not do this in their time in office and bring forward legislation. The Greens will continue to work on this issue and make sure that there is good and fair legislation for both volunteer and career firefighters.

Ballarat rail services

Mr MORRIS (Western Victoria) — Ballarat train travellers are no longer looking for a seat on the Ballarat train; they are now bringing their own fold-out stools to enable them to sit for at least part of the journey when there is enough space to set up their stool. Such is the disastrous effect the Minister for Public Transport has had on the Ballarat train service.

Night Network

Mr MORRIS — I note that the timetable for the previously named Homesafe program, now Night Network program, has just been released. It will take passengers over 2 hours to get from Melbourne to Ballarat, leaving them at Ballarat train station at 4.15 a.m. without any protective services officers there to look after them. I applaud the Ballarat *Miner*'s headline of 3 December that states, 'Labor won't get you home safe'.

VicRoads relocation

Mr MORRIS — The people of Ballarat are still waiting for this government to make a decision about whether or not VicRoads will be moved to Ballarat. This indecision is bordering on the ridiculous, and I note in today's Ballarat *Courier* that the Committee for Ballarat is keeping up the pressure on the government. This is just another example of how city centric this government is, having abandoned regional Victoria.

Felicitations

Mr MORRIS — I want to wish all members of this house a merry Christmas and a safe and restful new year. I would also like to thank all parliamentary staff for the hard work they do and also wish them and their families a very happy and safe Christmas and new year, as well as all my constituents in western Victoria.

Colac East Kindergarten

Ms TIERNEY (Western Victoria) — Last week I had the pleasure of visiting children, parents and teachers at Colac East Kindergarten to announce a significant grant from the Andrews Labor government to build on this already fantastic sector. Under the Labor government's $50 million investment in the early childhood sector, Colac East Kindergarten will receive just under a quarter of a million dollars to upgrade the infrastructure at the facility. The project will increase the capacity of the facility, offering an additional 15 four-year-old kindergarten places, and it will improve the kindergarten's accessibility through the provision of wheelchair ramps. It was fantastic to meet those who make this kinder the excellent place it is, including the teachers, teaching assistants and parents, and to see all the smiling faces of the children enjoying the day at kinder. Congratulations to all those involved in this great project.

Winchelsea Primary School

Ms TIERNEY — On another note, last night I also joined the Minister for Education at Winchelsea Primary School. During the recent by-election in the Legislative Assembly electorate of Polwarth, members opposite had a keen interest in Winchelsea Primary School. Unfortunately I think that was more to do with the Liberal Party trying to save face.

After four years of the former Liberal government ignoring Winchelsea Primary School's applications to fix its rusted roof guttering, the Andrews Labor government has provided the maintenance funding to fix this issue. Not only has the money been delivered; the project is now complete, and we have done it in our first year of government. It is and always will be Labor governments that truly invest in education of all Victorians, whether they are young or old.

Metro Trains Melbourne services

Ms DUNN (Eastern Metropolitan) — My office was recently contacted by a commuter on the Pakenham line who is a regular public transport user. He got in contact after his 8.33 a.m. train to the CBD became a limited express and bypassed his city loop station. Apparently there was no warning, and many people on the train were very angry and frustrated. Unfortunately this is not an isolated occurrence. In fact Ms Pennicuik this morning experienced the very same issue when changing trains at Richmond.

Commuters on the Altona loop, between Newport and Laverton, frequently experience unannounced express services which bypass their stations. They have even started a Facebook group, the Altona loop group, so that commuters can report being 'kidnapped' on the train and taken to Laverton where they have to wait for another train to return them to the city.

Station skipping is used by Metro Trains Melbourne to intentionally skip stations so that it can make up lost time. There are perverse incentives of bonuses and penalties in the Metro contract relating to cancellations

and on-time running. Cancellation penalties only apply if a train actually starts, finishes short of or bypasses the city loop, so Metro can skip stations and still keep its on-time statistics healthy.

What we would like to know is: what is the government doing to prevent station skipping; will we see a change in the contracts; and will we continue to see commuters kidnapped and taken to places they do not want to go, or will they actually get on a train that delivers them to the station that the timetable shows?

Western distributor

Mr DAVIS (Southern Metropolitan) — In my 90-second statement the point I want to make is that the government made announcements about a western distributor today. That western distributor replaces a so-called West Gate distributor. It is certainly a thought bubble of some sort but not a very good thought bubble. What is clear is that this is no east–west link — not even an east–west link western section. What is also concerning is that this project appears to be based on extending the tolls on CityLink for 10 to 12 years. This would be a massive extension in tolls that would hit everyone in the eastern suburbs and everyone in the south-eastern suburbs. They would pay through the nose for decades to come. People would be hit. They would not get much benefit from this, and there would also be particular impacts at the Toorak Road interchange. Just after that interchange people will seek to avoid the tolls and come off the freeway at Toorak Road, and traffic will be funnelled down Toorak Road, causing gridlock. It will have an impact — it is bad enough now. Imagine what it will be like in 2045 when Daniel Andrews's extension of the tolls for his mates at Transurban continues.

Foodbank Victoria

Mr MELHEM (Western Metropolitan) — Last week I had the opportunity to volunteer for Foodbank, Australia's largest hunger relief organisation. Together with hardworking employees and amazing volunteers, I was able to chip in — be it in a small or a big way — and help to achieve an Australia without hunger. The public may not be aware, but demand for food relief is actually rising throughout Australia. The Australian Council of Social Service reported in 2014 that 2.5 million Australians, 17.7 per cent of whom are children, live in poverty. Specifically, each month 516 000 Australians rely on food relief services; of these, 60 000 are unable to be assisted.

The work that the not-for-profit charitable organisation Foodbank is doing to curb this issue cannot be understated. Acting as a conduit between the food industry's surplus food and the welfare sector's need, it donates food to 2500 charities and 640 schools. Just last year the organisation distributed an equivalent of 40 million meals, feeding an average 88 000 people a day.

I take this opportunity to inform the house that in this Christmas period the Andrews Labor government, together with organisations such as Foodbank, will ensure that all children, regardless of their circumstances, will get a brighter and healthier start to the school day. I commend the admirable work of Foodbank, its CEO Jason Hincks, its dedicated staff and army of volunteers, all of whom I have no doubt make a huge impact on curbing poverty in Australia. Finally, I also commend the Andrews Labor government on its multimillion-dollar breakfast program.

Very Merry Christmas Market

Ms FITZHERBERT (Southern Metropolitan) — Last week I had the pleasure of attending the Very Merry Christmas Market, which was staged for the third time by the Robert Connor Dawes Foundation at the family's home in Sandringham. It was a remarkable event with a huge array of handmade items, all beautifully presented, as well as a number of live performances and Christmas exhibits.

The foundation and the Christmas market are the creation of Liz Dawes, who set up the foundation in memory of her son, Connor, who died three years ago from brain cancer at the tragically early age of 18. Brain cancer is the most fatal of all childhood cancers. Few new effective treatments mean that 80 per cent of children diagnosed with high-grade tumours will lose their battle for life within five years. In only two and a half years, the foundation has had a big impact, donating hundreds of thousands of dollars to research and patient care.

Lots of teenagers and young people, many of whom were Connor's friends, were helping at the Christmas market wearing red T-shirts identifying them as the 'Elf Help'. It struck me that one of the other big impacts of the foundation, aside from the hundreds of thousands of dollars it has donated to research and patient care, is showing a large group of young people how to give and in a way that is smart, fun and effective.

I acknowledge the great work of the Robert Connor Dawes Foundation and in particular the creativity, energy and grace of its founder, Liz Dawes.

United Arab Emirates National Day

Mr ELASMAR (Northern Metropolitan) — On the evening of 25 November I, along with several parliamentary colleagues, attended the reception hosted by His Excellency the Consul General of the United Arab Emirates, Mr Saeed Matar Al Qemzi, to celebrate its 44th National Day. The occasion was highly successful. This inaugural event will foster and promote a harmonious relationship within the Australian and United Arab Emirates community here in Melbourne.

China legal delegation

Mr ELASMAR — On another matter, on Thursday, 26 November, I was extremely pleased to participate in a meeting with a senior law court delegation from China. The meeting was held here in Parliament House, which was good because it allowed other members the opportunity to also attend, commitments permitting. The primary reason for the delegation's visit to Australia is to study how our system of law operates and to look at how multiculturalism works in Australia. It was a very interesting exchange of thoughts and ideas. I wish the delegation the opportunity to put into practice what they have seen and heard in Australia.

Caladenia Dementia Care

Mr O'DONOHUE (Eastern Victoria) — Last week I was very pleased to meet with the hardworking people of Caladenia Dementia Care. As its website says, it is 'providing superior services to enhance the quality of life for people living with dementia'. I pay tribute to the chair, Harry Moyle, and the manager, Sarah Yeates, for the excellent work they do. I acknowledge all the wonderful volunteers that help people with dementia at various stages. They are a great asset to the community and a great asset to my constituents of Eastern Victoria Region. I thank them for all their efforts, and I look forward to continuing to work with them.

Retired Prison Officers Association

Mr O'DONOHUE — Last Sunday I was pleased to join the Retired Prison Officers Association Remembrance Day service at Barwon Prison. I would particularly like to acknowledge the speech by Carole Price, who is the daughter of George Hodson, who 50 years ago this month was killed while on the job in prison. Being a prison officer can be a dangerous and risky profession, and they do a great job. I pay tribute to all those men and women who work in our corrections service, particularly those who have been injured or, tragically, who have lost their lives whilst working to protect the community.

Victoria Police awards

Mr O'DONOHUE — Finally, it was a privilege to attend the police and protective services officers awards ceremony, including the presentation of the new ensign, an event that happens very rarely. I congratulate Victoria Police on a fantastic afternoon at the academy.

Save the Children Kindergarten

Ms SYMES (Northern Victoria) — My statement today is to reflect on my visit to the Save the Children Kindergarten in Mooroopna last week. It is a wonderful facility catering for three and four-year-olds. It was obvious that this is not your average kinder; it goes over and above for the kids and families of Mooroopna and surrounds. It is focused on providing a good start to schooling life, particularly for Indigenous and vulnerable children. I was extremely impressed by its bus program. Children can be picked up and dropped off daily, providing an opportunity for children who may be socially or geographically isolated to attend kinder and develop to their fullest potential.

But less impressive is the state of the ageing building and amenities. It was therefore so pleasing that because of the Minister for Families and Children's $50 million investment in the early childhood sector I was able to deliver the news that the Labor government will provide $300 000 to the kindergarten to extend and renovate its classrooms, allowing for 13 more children from next year. The news was very well received by regional manager Andrew Holloway and centre director Andrea Woodward as well as teachers and children. It has been a long time since this centre received substantial funding, and there was much excitement. Its plans also include a revamp of the outside play area, a children's kitchen, a new cubby house and a new sandpit.

I had a great time meeting the dedicated staff, and I commend them on their ongoing commitment to families in their community. The kids were great fun, and I very much look forward to returning next year to see the updated facility that these staff and kids so richly deserve.

Tabro Meat

Ms BATH (Eastern Victoria) — Recently I had an informative tour of Tabro Meat by director Jacky Yan Jiang. Tabro Meat was sold in 2014 to HY Australia Holdings Pty Ltd, a company owned by three Chinese

directors. The company consists of two meat export processing facilities — in Lance Creek, set on 250 acres near Wonthaggi, and in Moe — with 95 per cent of the company's sales going for export. Of all the exports 47 per cent go to China and the rest to other countries including Japan, Indonesia, America, Canada and the Middle East. Exports amount to $170 million of meat products a year. Demand for high-quality protein which is safe is high in Asia, and Australia's strict agricultural quality standards are welcomed by the company, which prides itself on compliance at the highest level.

The Lance Creek facility currently employs around 400 staff and provides an additional source of income to local farmers when transitioning their herds. Tabro has plans for a $26 million upgrade and to double its workforce. This upgrade shows confidence in the region, and it is a great economic driver for the local community. Under the upgrade Tabro Meat is expected to triple its production. It will include a new rendering plant and waste water treatment plant, and the company is looking to put solar panels on its roof. I congratulate Tabro Meat as a significant export company and on being a safe and efficient operation.

Construction, Forestry, Mining and Energy Union

Mrs PEULICH (South Eastern Metropolitan) — Given the close association of the Premier, Daniel Andrews, and the Leader of the Government, Gavin Jennings, with the Construction, Forestry, Mining and Energy Union (CFMEU) and John Setka and Shaun Reardon, and in view of the two being charged with blackmail and having a string of convictions already known, including assault of police, I call on the Premier to do three things: to return the $876 541 the government received from the CFMEU in political donations, as detailed on the last four returns; to refuse all future CFMEU donations; and to expel the CFMEU from the Australian Labor Party in order to end this malignant influence on the Labor Party.

Hanukkah

Mrs PEULICH — In a different direction, I wish all members of the Jewish community a happy Hanukkah. I had the pleasure of helping to celebrate the lighting of the menorah on Sunday at Caulfield Racecourse as well as last night at Parliament House. It was a most moving ceremony, which included the important symbolism of light prevailing over darkness or goodness prevailing over evil.

Felicitations

Mrs PEULICH — Lastly, I would like to take this opportunity to wish a very happy Christmas, for those who celebrate Christmas to all members of Parliament, their families and staff, as well as Parliament House staff, the clerks, library staff, catering, security and maintenance, committee staff, all the people of South Eastern Metropolitan Region and all Victorians. Those who celebrate Christmas and those who do not should take care as they enjoy themselves over the summer holidays.

Automotive industry

Mr ONDARCHIE (Northern Metropolitan) — On Monday, 30 November, I had the absolute pleasure of launching the Australian Automotive Products Manufacturers and Exporters Council. This is an initiative of the Australian Automotive Aftermarket Association, and I congratulate Bob Pattison, the president, his board and Stuart Charity and his executive team for this wonderful initiative in bringing together original equipment manufacturers and aftermarket suppliers to focus on getting automotive component deals across the globe. I acknowledge Arnold Mouw, the chairman of the Australian Automotive Products Manufacturers and Exporters Council, who is also the managing director of Dayco Australia, for his initiative, his leadership and his vision in bringing the sectors together.

I had an opportunity to look at the aftermarket sector across the US just recently when I toured both the SEMA Show and AAPEX. SEMA is a US$36 billion export opportunity for Australia, and AAPEX is a US$477 billion global opportunity. Australian companies are doing wonderful things over there, including Hallam's IM Group, which just announced an export deal that will save Victorian jobs. There is an overriding message here — that is, that we have to try to help automotive component suppliers because Ford, Holden and Toyota will close their doors in the not-too-distant future. The opposition is getting on with helping the automotive sector in Victoria; I wonder where the government is.

CONSTITUENCY QUESTIONS

Eastern Metropolitan Region

Ms WOOLDRIDGE (Eastern Metropolitan) — My constituency question is for the Minister for Health. My constituents are concerned about the operations of the Australian Health Practitioner Regulatory Authority (AHPRA), so I ask: when will the government release

the submissions made to the review of the national registration and accreditation scheme for health professionals? Victoria is the state leading the review on a national basis, and my constituents were told by a Department of Health and Human Services official in writing that submissions to the review were to be published on the Council of Australian Governments health council website following the release of the final report. The report was released in August, but the submissions are still not published.

The government has also not provided a response to the Standing Committee on Legal and Social Issues 2014 inquiry into the performance of AHPRA. When will the government's response be provided to the Parliament? This is important information at a time when the community's confidence in AHPRA has been shaken, so I encourage the minister to answer my constituents' question and also to release the information outlined.

Eastern Metropolitan Region

Ms DUNN (Eastern Metropolitan) — My constituency question is for the Minister for Planning. My question concerns planning application 201535560 for 42–58 Nelson Street, Ringwood, in relation to which the minister is the responsible authority. The application for this site is for three 10-storey apartment complexes, while the provisions of the Maroondah planning scheme in the residential growth zone are to provide housing at increased densities in buildings up to and including 4-storey buildings. There has been little consultation with the community about the development despite concerns being raised. Will the minister ensure proper and thorough community consultation outside of the holiday season, and will the minister ensure that the provisions in the Maroondah planning scheme are applied to this development application?

Western Metropolitan Region

Mr MELHEM (Western Metropolitan) — My constituency question is addressed to my colleague in the other place the Honourable James Merlino, who is the Deputy Premier and Minister for Education. My electorate of Western Metropolitan Region contains pockets of significant socio-economic disadvantage. We on this side of the house understand that disadvantage is often intergenerational and not necessarily a failure of individual effort or merit, as those opposite seem to assert. That is why programs such as the school breakfast club, axed by the Liberal government, are so important to helping kids from disadvantaged backgrounds break the cycle of disadvantage. I know that a number of schools in the western suburbs have been selected to participate in the program. Can the minister update me on how the breakfast club program will benefit my constituents, including specifically an estimate of the number of school students in my electorate, out of the estimated 25 000 children who will benefit statewide from the program, who will be provided breakfast, as well as estimates from the Department of Education and Training of the amount of funding available to schools specifically in the western suburbs under this program?

Southern Metropolitan Region

Mr DAVIS (Southern Metropolitan) — My constituency question is directed to the Minister for Education, and it relates to the Prahran secondary college. It is important for the chamber and the community to understand the background of this matter. The previous government committed $20 million, and the Victorian College for the Deaf was commencing the process of putting in a new secondary college at its site, which has not been available in the Prahran area for many years. This is an important initiative. Local people should have the option of a government secondary school in the area — and the number of school-age children within the population is growing. The decision to locate the new school at the school of the deaf was made because doing so would have provided a sufficient space and capacity for the future. The new government, under Mr Merlino as Minister for Education, has decided to go to the Melbourne Polytechnic site, a site which is simply too small. It is very unclear where children will play. Mr Foley, the Minister for Housing, Disability and Ageing and member for Albert Park in the Assembly, and Mr Wynne, the Minister for Planning and member for Richmond in the Assembly, have both waxed lyrical and made many comments publicly about the need for space at secondary colleges. What I have to say very clearly is that the — —

The ACTING PRESIDENT (**Mr Elasmar**) — Time!

Eastern Victoria Region

Mr MULINO (Eastern Victoria) — My constituency question is to the Minister for Environment, Climate Change and Water. The question relates to the Western Port Ramsar site management plan, which is currently being renewed by the Department of Environment, Land, Water and Planning and the catchments group within that department. My understanding is that there has already been a process of consultation with community stakeholder groups, but I ask the minister to clarify the ways, in the remaining

stages of the process, community stakeholder groups will have to provide input into the development of the new plan before its expected release date.

South Eastern Metropolitan Region

Ms SPRINGLE (South Eastern Metropolitan) — My constituency question is to the Minister for Planning. In 2002 the developer Mirvac got planning approval to build the Waverley Park housing estate in Mulgrave. A condition of that approval was that the powerlines go underground, but that has not happened yet. The Premier made a very specific promise to Waverley Park residents during last year's election campaign — to make sure that those powerlines go underground. Many residents I spoke with while doorknocking in that area last year mentioned the powerlines issue. Now we learn that the Minister for Planning has been sitting on the advisory panel report since February while doing nothing about the powerlines. I ask the minister: what is the government doing to ensure that the 2002 planning rules are complied with, and when will the independent report be released to Waverley Park residents?

Northern Victoria Region

Ms LOVELL (Northern Victoria) — My question is to the Minister for Health, and it relates to vacancies on the board of Goulburn Valley Health. During 2015 four board members appointments expired. Only three of those members — two male and one female — applied for reappointment, providing the opportunity for a 50-50 gender balance amongst these four appointments through the reappointment of the three and the adding of an additional female. Unfortunately this did not happen. The minister chose to sack the two males and reappoint the female together with one additional female. This left two vacancies, and unfortunately, due to the new female resigning at her first meeting, the board then had three vacancies, one of which the minister has since filled with a male. Currently, the board still has two vacancies, and it does our community a disservice not to have a fully operational board, particularly as the hospital struggles to meet service demands due to the much-needed redevelopment and expansion of the hospital being delayed by this government.

My question is: will the minister reappoint the two sacked board members who would add both experience and skills to the board, particularly in the human relations and legal areas, so that Goulburn Valley Health has a full and comprehensive board? Meeting a gender quota is admirable but not at the expense of experience and knowledge, and both of the sacked board members brought invaluable experience to the hospital, particularly in the human relations and legal areas.

Eastern Victoria Region

Mr O'DONOHUE (Eastern Victoria) — I raise a matter for the attention of the Minister for Sport. It relates to the need for a new aquatic centre for Traralgon. I acknowledge the commitment made by the member for Morwell in the Assembly prior to the last election — a $9 million commitment to build the new Gippsland regional aquatic centre. After visiting the site with some concerned local residents, the hardworking councillor Dale Harriman from Latrobe City Council and some officers from the council, I note that it is clear that the pool is currently not up to standard. It needs replacing. The Andrews government has said nothing about this since coming to government. It is time it matched the commitment made by Mr Northe and the coalition government to enable this project to get off the ground. The council has made a significant contribution to the project. There is the $9 million that was on offer from the state, and I call on the Labor government to match that.

South Eastern Metropolitan Region

Mrs PEULICH (South Eastern Metropolitan) — The question I wish to pose is for the attention of the Minister for Multicultural Affairs, and it relates to 13 calls I have made for this government to roll out some initiatives from the strengthening social cohesion fund the government has established. I have bemoaned the lack of progress on this, particularly in relation to the government's lack of action in places such as Bendigo, which we saw as the flashpoint of left-wing and right-wing extremists around the issues of the building of a mosque.

The question that I want to ask is: in view of the fact that the government has finally implemented the Liberals' social cohesion proposal for Bendigo, why has the minister shunned the inclusion of opposition members of Parliament, the Leader of the Opposition and me as the shadow minister given the importance of bipartisanship in this crucial area where a show of unity is so important and where Helen Kapalos, the chair of the Victorian Multicultural Commission, was in attendance? It is absolutely inappropriate that there ought to be party political posturing. This should be a bipartisan action, supported by all political parties. Why has the minister shunned the bipartisanship that accompanies multicultural affairs on these difficult issues?

Eastern Victoria Region

Ms BATH (Eastern Victoria) — My question today is directed to the Minister for Families and Children in relation to early childhood education. The president of a rural kindergarten committee in my electorate has spoken to me about her concerns regarding the mismatch between the operational cost of running a rural kinder and the funding allocated by government. This lady spoke to me about the Labor government's early education state discussion paper which was launched earlier this year, with submissions closing in October. The government's consultation sought the views of professionals, parents, caregivers, academics and experts. Despite working hard on a submission for this paper, the kinder committee is worried that no real positive changes will come from its submission and that the paper really is just a talkfest. I ask the minister what specific action will be taken following the release of the early childhood consultation paper to address rural and regional kindergartens' concerns regarding ongoing funding and viability.

TERRORISM (COMMUNITY PROTECTION) AMENDMENT BILL 2015

Committed.

Committee

The DEPUTY PRESIDENT — Order! Ms Pennicuik has previously circulated a number of amendments, including proposed new clauses.

Clause 1

Ms PENNICUIK (Southern Metropolitan) — In anticipation of the amendments that I have circulated and will be moving this afternoon, I just want to say that I have outlined in my contribution to the second-reading debate the purposes of the amendments and where they have come from. Because a week has passed, I would like to just remind members.

There have been many reviews, including the statutory review, which we have been referring to as the Jones review, into the state Terrorism (Community Protection) Act 2003. There have also been reviews at the commonwealth level. Although in my second-reading contribution I mentioned that the statutory review conducted into the Victorian act would have benefited from a bit more public exposure than it had, I take no issue with the conduct of the review itself. In fact it made a great many good recommendations to improve the act, some of which are taken up in this bill.

It is worth saying that while everyone is concerned about the threat of terrorism, reviews have also been undertaken at the federal level, and in particular the Council of Australian Governments review of counterterrorism laws recommended that they be repealed. The independent national security legislation monitor also said that preventative detention orders are not effective, not appropriate and not necessary and that they duplicate existing provisions that are already in place under the crimes acts in terms of the powers that the police and intelligence agencies already have.

These acts around the country put in place very strong powers. While the Victorian act does have some minimal amelioration in terms of oversight of the Supreme Court with regard to covert warrants and the issuing of preventative detention orders, which I would suggest is the minimum, it does not apply to the issuing of special police powers. As I said, there are already powers in existence throughout the states and in the commonwealth in the existing criminal codes that can be used. As I outlined in my contribution to the second-reading debate, they are in fact needing to be used rather than these particular powers, because the various law enforcement agencies are finding the existing powers more effective.

Some of the amendments that I will be moving today mirror provisions that already exist in the federal legislation and in other states and territories or have been recommended by the statutory review, by the Council of Australian Governments review or by bodies such as the Law Institute of Victoria and Liberty Victoria.

I have taken quite a bit of time to look at what has been recommended by the other reviews and to look at the Victorian and other acts in terms of where provisions exist that do ameliorate or provide more oversight of the provisions, in particular in the commonwealth act, or where particular issues have been pointed out as being not appropriate. These are the bases of the recommendations, and I just wanted to put forward that context in our discussion of clause 1.

Ms PATTEN (Northern Metropolitan) — I have a question about clause 1(a). In terms of remote access to electronic equipment — while I appreciate that is probably a lot less intrusive than physical access and physical searches — I am assuming this will lead to an increase in covert search warrants. It will be a less onerous option for the police and probably a better one, but it is potentially concerning. I am wondering if the minister can clarify what the limits are to the remote electronic search. For example, can police access passwords and then view a person's various accounts,

and if they did that, could they then send emails, for example, using those accounts to then gather further information?

Mr HERBERT (Minister for Training and Skills) — I thank Ms Patten for her question, which essentially is about whether police could be proactive with the information gained in terms of going out to try to entrap others by using that information. I am advised that to get a covert search warrant, like any other warrant, you have to get Supreme Court approval. In terms of the question, the nature of the warrant that you got would depend on whether police could take further action. If they got a search warrant to access information to further pursue connections in regard to terrorist activity, then I think yes, but it would be in the nature of what the search warrant was and it would be overseen by the Supreme Court.

Clause agreed to; clauses 2 to 4 agreed to.

Clause 5

Ms PENNICUIK (Southern Metropolitan) — My amendment 1 goes to the question raised by Ms Patten with regard to covert search warrants. I move:

1. Clause 5, page 3, after line 6 insert—

'(4) After section 9(1) of the Principal Act **insert**—

"(1A) The operation of electronic equipment by way of remote entry under subsection (1)(fa) does not include the addition, deletion or alteration of data, or the doing of anything that is likely to—

(a) materially interfere with, interrupt or obstruct a communication in transit, or the lawful use by other persons, of electronic equipment unless the doing of the thing is necessary to do one or more of the things specified in the warrant; or

(b) cause any other material loss or damage to other persons lawfully using electronic equipment.".'.

Previously covert search warrants basically meant seizing or looking at people's equipment while the person was not present. The provision in the bill allows covert surveillance of electronic equipment from a remote location. In some ways you would say that is what technology allows for now. As Ms Patten said, it is probably in some ways safer for law enforcement agencies to be doing that rather than going into a premises. However, it raises three questions. One is the existing powers that intelligence agencies already have with regard to this power; secondly, because remote covert surveillance is easier, it does sometimes mean that the powers are used more often; and thirdly, of course, innocent people can be caught up under these types of powers. We always need to be judging against that measure whilst balancing the need to be monitoring the activities of those who may be planning terrorist activities. Of course, as I have said, laws already exist enabling us to do that.

The particular question my amendment goes to is to provide some extra protection with regard to the use of those covert search warrants by adding new section 9(1A) into the act, which would read:

> The operation of electronic equipment by way of remote entry under subsection (1)(fa) does not include the addition, deletion or alteration of data, or the doing of anything that is likely to—
>
> (a) materially interfere with, interrupt or obstruct a communication in transit, or the lawful use by other persons, of electronic equipment unless the doing of the thing is necessary to do one or more of the things specified in the warrant; or
>
> (b) cause any other material loss or damage to other persons lawfully using electronic equipment.

As I mentioned earlier, this is not something I just made up; it is a provision that exists in similar federal and New South Wales legislation. It would prevent anything from occurring except what the warrant is issued for, which is basically looking at the information to see what is there rather than seeing whether communications of a certain type are occurring et cetera, and would not actually interfere with the communications, particularly, as my amendment says, in terms of the lawful use of the electronic equipment by the owners or other people who use that equipment. Given the context I outlined before, this is an extra protection that could be added to the monitoring legislation under existing provisions.

Mr HERBERT (Minister for Training and Skills) — In response to the amendment, I will begin by briefly acknowledging that these are always difficult issues in terms of civil liberties, the rights of individuals et cetera. I know the Greens are concerned, as many people are on all sides of politics, about getting the balance right. We would be a poorer community if we did not have strong advocates on all sides of debates like this in terms of those seeking to strengthen enforcement measures, those seeking perhaps more punitive measures and those seeking civil liberties from their viewpoint.

However, in this regard the government will not be supporting the Greens amendment, because essentially the nature of a preventative detention order (PDO) is that it is only put in place where police allege and have

good evidence or a strong belief that an individual is engaged in planning or other preparatory work allied to an imminent terrorist threat. We have recently seen some incredibly horrendous terrorist activity in France and Mali. In regard to where we are in this debate, it is the government's belief that we need to strengthen the capacity of our police to protect the rights and safety of innocent members of the public when it comes to increasing terrorist activity and those seeking to implement terrorist atrocities.

In regard to the specific amendment that has been moved, it is the government's view — and in some ways Ms Pennicuik said this — that it is not necessary. There is nothing in the provisions that authorises any addition, deletion or alteration of data during a remote search. The provision proposed by the government in clause 5(3) authorises police to remotely operate equipment only for the purposes of copying, printing or otherwise recording information held in an accessible form on that equipment. The search provisions are explicit and do not authorise the police to do other than that detailed in clause 5(3).

Ms PATTEN (Northern Metropolitan) — After looking at this, I support the amendment Ms Pennicuik's has moved. I appreciate that the police need these powers; I understand that and I am very supportive of that. I do think the term 'operate' in this context is quite broad and could be extended. I think Ms Pennicuik's amendment does define it better while still enabling the police, through the warrant process, to add additional activity to it. But I feel this does provide a safety net.

Mr HERBERT (Minister for Training and Skills) — In terms of the ability to operate broadly, recently we read in the paper of new forms of propaganda and planning for terrorist activity based on specialised apps and other equipment. It is a very difficult job for any government and any jurisdiction around the world to keep up with the intricacies and the determination of terrorist organisations to plan covertly and then implement terrorist acts. Quite frankly, we have to be nimble in doing this; otherwise the consequences would be horrific.

Ms PENNICUIK (Southern Metropolitan) — What the minister says has validity, and what I am saying has validity too. I was very careful with this amendment to use a provision that exists at the federal level. It will not prevent anything that is in this bill from happening. It just adds more clarity to the powers.

Committee divided on amendment:

Ayes, 6

Barber, Mr (*Teller*)	Patten, Ms
Dunn, Ms	Pennicuik, Ms
Hartland, Ms (*Teller*)	Springle, Ms

Noes, 34

Atkinson, Mr	Melhem, Mr
Bath, Ms	Mikakos, Ms
Bourman, Mr	Morris, Mr
Carling-Jenkins, Dr	Mulino, Mr
Crozier, Ms	O'Donohue, Mr
Dalidakis, Mr	Ondarchie, Mr
Dalla-Riva, Mr	Peulich, Mrs
Davis, Mr	Pulford, Ms
Drum, Mr	Purcell, Mr
Eideh, Mr	Ramsay, Mr
Elasmar, Mr	Rich-Phillips, Mr
Finn, Mr (*Teller*)	Shing, Ms
Fitzherbert, Ms	Somyurek, Mr
Herbert, Mr	Symes, Ms (*Teller*)
Jennings, Mr	Tierney, Ms
Leane, Mr	Wooldridge, Ms
Lovell, Ms	Young, Mr

Amendment negatived.

Clause agreed to; clause 6 agreed to.

Clause 7

The DEPUTY PRESIDENT — Order! I call on Ms Pennicuik to move her amendment 2. I consider this amendment a test for Ms Pennicuik's amendment 6.

Ms PENNICUIK (Southern Metropolitan) — I move:

2. Clause 7, after line 20 insert—

"( ) Section 13F(6) of the Principal Act is **repealed**.".

This is a simple amendment, and is basically consequential to the new clause to follow clause 10. This is with regard to a person who is being detained under a preventative detention order who is not a person who has been arrested or charged with anything. In terms of their representation by legal counsel, the default position under the bill is that those conversations between the person who is being held under a PDO and their legal representative are automatically monitored by a member of the police force. Concerns have been raised about this, particularly by the Law Institute of Victoria and Liberty Victoria, those sorts of organisations, with regard to legal professional privilege.

My amendment would basically restore what would normally be the case — that a person's conversations with their legal representative would not be monitored,

but understanding that there may be exceptional circumstances. The amendment that I am putting forward would allow the court to vary that when the application for the preventative detention order is applied for. The amendment would be such that the person would not be monitored unless an order is made by the court on the application of a police officer.

Exercising authority under a preventative detention order, a court may make an order that the contact referred to may take place only if it is conducted in such a way that the contact and the content and meaning of the communication that takes place during the contact can be effectively monitored by a police officer exercising authority under the order. The court may only make an order to that effect if it is satisfied that there are reasonable grounds for the belief that any of the following things may occur without the monitoring contact: interference with or harm to evidence of, or relating to, a serious offence; interference with or physical harm to a person; the alerting of a person who is suspected of having committed a serious offence but who has not been arrested for that offence; interference with the gathering of information about the commission, preparation or instigation of a terrorist act; greater difficulty preventing a terrorist act because a person is alerted; and greater difficulty securing a person's apprehension for a terrorist act because a person is alerted. The court could allow for the monitoring if it were satisfied those circumstances applied. It would be practically quite efficient, because it would mean that the police officer making the application would also make this particular application.

I think that protects what is the case in any other situation where someone is arrested, and remember that the person under a preventative detention order has not been arrested or charged with any crime. A person who has been arrested and charged with a crime does have the opportunity to meet with their legal representative without it being monitored. It may also mean that the person is more forthcoming than they may well be if they are monitored, so that could be an added benefit of this amendment.

Mr HERBERT (Minister for Training and Skills) — As I said earlier, the government will not be supporting this amendment. Essentially we consider that the Supreme Court can already consider whether it is appropriate to give a direction that such communication is not monitored. It is perhaps a bit the reverse of what is being asked here. The government is of the view that this is an appropriate safeguard, so it does not see any need to repeal section 13F(6) at this time.

As you indicated, Deputy President, a later amendment is related to this one, and we believe amendment 6 creates unnecessary procedural hurdles for the police to satisfy in circumstances where they are attempting to prevent an imminent threat. Of course that is what a PDO is about, an imminent threat of harm to the community from a suspected terrorist threat.

Committee divided on amendment:

Ayes, 6

Barber, Mr	Patten, Ms (*Teller*)
Dunn, Ms (*Teller*)	Pennicuik, Ms
Hartland, Ms	Springle, Ms

Noes, 34

Atkinson, Mr	Melhem, Mr
Bath, Ms (*Teller*)	Mikakos, Ms
Bourman, Mr	Morris, Mr
Carling-Jenkins, Dr	Mulino, Mr
Crozier, Ms	O'Donohue, Mr
Dalidakis, Mr	Ondarchie, Mr
Dalla-Riva, Mr	Peulich, Mrs
Davis, Mr	Pulford, Ms
Drum, Mr	Purcell, Mr
Eideh, Mr	Ramsay, Mr
Elasmar, Mr (*Teller*)	Rich-Phillips, Mr
Finn, Mr	Shing, Ms
Fitzherbert, Ms	Somyurek, Mr
Herbert, Mr	Symes, Ms
Jennings, Mr	Tierney, Ms
Leane, Mr	Wooldridge, Ms
Lovell, Ms	Young, Mr

Amendment negatived.

Clause agreed to; clauses 8 and 9 agreed to.

Clause 10

Ms PENNICUIK (Southern Metropolitan) — I move:

3. Clause 10, after line 21 insert—

'(3) After section 13W(10) of the Principal Act **insert**—

"(11) A person detained under a preventative detention order in a prison must not be held with a person convicted of a criminal offence.".'.

This amendment to clause 10 inserts after section 13W(10) of the principal act a new subsection (11), such that a person detained under a preventative detention order in a prison must not be held with a person convicted of a criminal offence.

I have a following amendment, amendment 5, and I would like to speak to these two amendments together because they relate to each other. Amendment 5 proposes inserting a new clause to follow clause 10 to

provide an arrangement for a detainee to be held in a youth justice facility. After section 13WA(9) of the principal act the new clause would insert new subsection (10), such that a person detained under a preventative detention order in a youth justice facility must not be held with a person convicted of a criminal offence. The reason for these particular amendments is that many concerns have been raised both within the legal fraternity and by people who deal particularly with young persons held in youth justice facilities. While I am addressing both amendments, probably the most important one relates to the youth justice facility.

Under the act people over the age of 16 can be held under preventative detention orders, and there is a concern that persons, particularly adults, can even be held in a prison under a preventative detention order rather than in a police jail. For young persons over the age of 16 and up to the age of 20 who are held under a preventative detention order and have not been charged or arrested it is very important that they not be held with convicted criminals but in a separate facility. There is nothing in the act that sets out a provision for a separate facility or arrangement away from the prison system, so that is what these two amendments seek to have inserted into the act so that persons held under these provisions are not in contact with people convicted of crimes, and in particular serious crimes, because in many cases these persons will be found to have not done anything; they will not be arrested or charged with any crime.

These are preventative provisions and are issues that have been raised with us in discussions with Liberty Victoria and the Law Institute of Victoria. In fact the law institute in its submission on the original legislation made a comment that to do so was against international law.

Mr HERBERT (Minister for Training and Skills) — The government will not be supporting this amendment. We do not believe it is practical or workable, to be honest. I recognise the concern for young people in detention; whether it is under a PDO or anything else, it is always a concern. However, we believe persons subject to a PDO in prison must be managed in accordance with the principal act — that is, the person subject to detention must be treated humanely and with dignity, whether they are in a youth detention centre or in a prison, and in accordance with the relevant provisions of the Corrections Act 1986.

It is fair to say that a person subject to a PDO is already subject to provisions that limit their contact with other persons. Section 13ZC restricts contact with other people other than in accordance with the act, which allows in appropriate circumstances a person to have contact with family, a legal representative or the Ombudsman. We consider that authorities, whether it be in a youth detention area or in a prison, must have the flexibility to ensure the good order and management of that prison. Placing constraints of this sort of nature as outlined in this amendment would not be practicable for authorities in prisons or youth detention facilities in all circumstances — it may in some, but certainly not in all.

We believe the authorities in charge of these centres must have the flexibility to place detainees as appropriate for the good order and security of that facility, and consequently we will not be supporting either amendment.

Ms PENNICUIK (Southern Metropolitan) — This amendment went to the issue of the safeguards under the Children, Youth and Families Act 2005 with regard to young persons held in detention who are either charged or convicted of a crime. So they are different to young people who have not been either charged or convicted of a crime.

In my contribution to the second-reading debate I raised some deficiencies. What the minister said about people being treated humanely and with dignity applies to all prisoners and people in detention, particularly those held in youth justice facilities. Some issues have been raised by the Scrutiny of Acts and Regulations Committee with regard to some deficiencies in the act. Parts of the Children, Youth and Families Act are exempt under the act, in particular section 493. In my second-reading contribution I also raised the fact that the committee mistakenly referred to the wrong provisions. It is particularly section 493 that should apply.

I know the government is going to be considering bringing in more amendments that flow from the statutory review, so I ask that the government look carefully at the provisions in the Children, Youth and Families Act that apply to young people on PDOs, because there are some gaps there and this is one of them. The minister is saying, 'It might not be practical or possible', but given that very few PDOs have ever been granted or used I find that a little difficult to agree with.

Mr HERBERT (Minister for Training and Skills) — I thank Ms Pennicuik. I do not have a lot more to offer in terms of my contribution. Once again I say that PDOs only apply when police believe that there is an imminent threat or a planned imminent threat of a terrorist act.

In regard to the review I am sure the issues identified in terms of the Children, Youth and Families Act will be taken into account. I am sure Ms Pennicuik will make her contribution to that review process when it happens.

Ms PENNICUIK (Southern Metropolitan) — I regard amendments 3 and 5 to be related, as we have discussed, so amendment 3 would be a test for amendment 5. It is basically the same issue.

Committee divided on amendment:

Ayes, 7

Barber, Mr	Patten, Ms
Carling-Jenkins, Dr (*Teller*)	Pennicuik, Ms
Dunn, Ms	Springle, Ms (*Teller*)
Hartland, Ms	

Noes, 33

Atkinson, Mr	Mikakos, Ms
Bath, Ms	Morris, Mr
Bourman, Mr	Mulino, Mr
Crozier, Ms	O'Donohue, Mr
Dalidakis, Mr	Ondarchie, Mr
Dalla-Riva, Mr	Peulich, Mrs
Davis, Mr	Pulford, Ms
Drum, Mr	Purcell, Mr
Eideh, Mr	Ramsay, Mr (*Teller*)
Elasmar, Mr	Rich-Phillips, Mr
Finn, Mr	Shing, Ms
Fitzherbert, Ms	Somyurek, Mr
Herbert, Mr (*Teller*)	Symes, Ms
Jennings, Mr	Tierney, Ms
Leane, Mr	Wooldridge, Ms
Lovell, Ms	Young, Mr
Melhem, Mr	

Amendment negatived.

Clause agreed to; clause 11 postponed.

New clause C

Ms PENNICUIK (Southern Metropolitan) — I move:

7. Insert the following New Clause to follow clause 10—

'C Annual report

In section 13ZR(2) of the Principal Act—

(a) in paragraph (f), for "made." **substitute** "made;";

(b) after paragraph (f) **insert**—

"(g) the number of persons in relation to whom a preventative detention order was made who were 16, 17 or 18 years of age at the time the order was made;

(h) the number of persons other than Australian citizens in relation to whom a preventative detention order was made;

(i) the number of persons in relation to whom a preventative detention order was made who, at the end of the period for which the person was detained under the order, were arrested.".'.

This amendment relates to the annual report under section 13ZR(2) of the principal act. It aims to insert three paragraphs to include more information in the annual report. In particular, under new paragraph (g) the number of young persons or minors who have been the subject of a preventative detention order would be included in the annual report. This amendment seeks increased transparency with regard to the use of preventative detention orders. There are already six other categories for which the annual report must include information under the act.

Mr HERBERT (Minister for Training and Skills) — The government wants to put on the record that there are very few pieces of legislation that are subjected to the type of rigorous examination under the principal act that this one was. We believe the proposed amendments are unnecessary in the context of the very substantial existing reporting requirements and significant statutory review provisions included in the act. I will not go through them all, but there is a raft of major indices in the annual report. On top of that, there are annual reporting requirements in the act in relation to covert search warrants that are quite substantial. We believe these substantial reporting requirements are perfectly appropriate, and we will not be supporting the Greens amendment.

Ms PENNICUIK (Southern Metropolitan) — I hear the minister's answer. I am surprised that the government will not accept this amendment, because it follows on from the provisions that are already in section 13ZR(2) of the principal act. The section provides what the report should contain, including the number of preventative detention orders made by the court; whether a person was taken into custody or detained under those orders — sometimes orders are made and never executed and that is how we know that several orders have been made but never executed; the number of persons in relation to whom a PDO was made who were charged; any complaints made to the Ombudsman; any complaints made to the Independent Broad-based Anti-corruption Commission, although my copy says to the director of police integrity under the Police Integrity Act 2008; and any investigations by IBAC.

It also includes the number of prohibited contact orders made and the number of preventative detention orders that a court has found to be invalid, which would include the number of people who are minors, the

number of people who are not Australian citizens and the number of people who are subsequently arrested. It is all in keeping with what is in the act, but it adds a bit more transparency and understanding for the community as to how the particular PDOs are being ordered. The amendments being put forward are not outside the scope of the provisions of the act.

Mr HERBERT (Minister for Training and Skills) — The government is always happy to surprise Ms Pennicuik. We are a surprising government. I repeat that we believe those additional measures are not warranted and that there are huge numbers of reporting details in the legislation that are appropriate and adequate for a bill of this seriousness.

Committee divided on new clause:

Ayes, 7

Barber, Mr (*Teller*)	Patten, Ms
Carling-Jenkins, Dr	Pennicuik, Ms
Dunn, Ms (*Teller*)	Springle, Ms
Hartland, Ms	

Noes, 33

Atkinson, Mr	Mikakos, Ms
Bath, Ms	Morris, Mr
Bourman, Mr	Mulino, Mr
Crozier, Ms	O'Donohue, Mr
Dalidakis, Mr	Ondarchie, Mr
Dalla-Riva, Mr	Peulich, Mrs
Davis, Mr	Pulford, Ms
Drum, Mr	Purcell, Mr
Eideh, Mr	Ramsay, Mr
Elasmar, Mr	Rich-Phillips, Mr
Finn, Mr (*Teller*)	Shing, Ms
Fitzherbert, Ms	Somyurek, Mr
Herbert, Mr	Symes, Ms
Jennings, Mr	Tierney, Ms
Leane, Mr (*Teller*)	Wooldridge, Ms
Lovell, Ms	Young, Mr
Melhem, Mr	

New clause negatived.

New clause D

Ms PENNICUIK (Southern Metropolitan) — I move:

8. Insert the following New Clause to follow clause 10—

'D Sunset provision

(1) In section 13ZV(1) of the Principal Act, for "at the end of 10 years after the day on which section 4 of the **Terrorism (Community Protection) (Amendment) Act 2005** comes into operation" **substitute** "on 31 December 2018".

(2) In section 13ZV(2) of the Principal Act, for "the end of 10 years after the day on which section 4 of the **Terrorism (Community Protection) (Amendment) Act 2005** comes into operation" **substitute** "31 December 2018".'.

In effect, this amendment adds a new sunset provision that would apply to PDOs. Under the bill clause 11, which was postponed, would repeal section 13ZV, a sunset provision on preventative detention orders. As I mentioned during the second-reading debate, preventative detention orders is a live issue. The Council of Australian Governments review recommended that these orders be repealed in the commonwealth act and in the various state and territory acts.

I also want to mention that a new sunset provision on preventative detention orders has been included in the commonwealth act and this has been extended to September 2018. I have taken my lead from that act and used 31 December 2018 in my proposed amendment, which would take effect three months after the sunset provision in the commonwealth act. This would keep us in line with what is happening at the commonwealth level.

The Greens believe it is important to keep the sunset provision on preventative detention orders in place and also that a review of those orders should take place prior to the sunset provision coming into effect.

Mr HERBERT (Minister for Training and Skills) — I recognise that Ms Pennicuik's proposed amendment is intended to come into line with the sunset provision in part 5.3 of the Commonwealth Criminal Code. However, the government does not think that date is appropriate. It is not likely that the commonwealth will simply allow PDOs to cease being in force in 2018 without a review, and if the commonwealth government amends its act to extend the PDO provision, Victoria will be required to make similar amendments.

There is no proposal to amend clause 14 of the bill, which requires a review of the principal act to be undertaken by 31 December 2020, and we do not think it is useful to have a review after the passing of the sunset provisions and their proposed amendments. The government believes that the sunset provision of 1 December 2021, which applies to the entire principal act, is appropriate as it applies after a complete review has occurred.

Committee divided on new clause:

Ayes, 6

Barber, Mr	Patten, Ms (*Teller*)
Dunn, Ms	Pennicuik, Ms
Hartland, Ms (*Teller*)	Springle, Ms

Noes, 34

Atkinson, Mr	Melhem, Mr
Bath, Ms	Mikakos, Ms (*Teller*)
Bourman, Mr	Morris, Mr
Carling-Jenkins, Dr	Mulino, Mr
Crozier, Ms	O'Donohue, Mr
Dalidakis, Mr	Ondarchie, Mr
Dalla-Riva, Mr	Peulich, Mrs
Davis, Mr	Pulford, Ms
Drum, Mr	Purcell, Mr
Eideh, Mr	Ramsay, Mr
Elasmar, Mr	Rich-Phillips, Mr (*Teller*)
Finn, Mr	Shing, Ms
Fitzherbert, Ms	Somyurek, Mr
Herbert, Mr	Symes, Ms
Jennings, Mr	Tierney, Ms
Leane, Mr	Wooldridge, Ms
Lovell, Ms	Young, Mr

New clause negatived.

Postponed clause 11 agreed to; clause 12 agreed to.

New clauses E and F

Ms PENNICUIK (Southern Metropolitan) — I move:

9. Insert the following New Clauses to follow clause 12—

'**E Authorisation of special powers to protect essential services from a terrorist act**

(1) For section 21F(1) of the Principal Act **substitute**—

"(1) The Supreme Court, on the application of the Chief Commissioner of Police, may make an order authorising the exercise of special powers conferred by this Part.".

(2) In section 21F(2) of the Principal Act, for "relevant Minister may only recommend the making of an Order" **substitute** "Supreme Court may only make an order".

(3) Section 21F(4) of the Principal Act is **repealed**.

F Duration of authorisation

In section 21I(3) of the Principal Act, for "the first anniversary of" **substitute** "60 days after".'.

These are new clauses to follow clause 12 that insert a new section 21F into the principal act. Currently the authorisation of special powers to protect essential services from a terrorist act reads:

(1) The Governor in Council may, on the recommendation of the relevant Minister made with the approval of the Premier and in accordance with the advice of the Chief Commissioner, by Order published in the Government Gazette give an authorisation for the exercise of special powers conferred by this Part.

And it goes on with other provisions. While I fully understand the need to perhaps declare areas around essential services as needing to be protected, I would like to see that authorisation in keeping with the rest of the act — that is, overseen by the Supreme Court — such that new section 21F(1) would read:

> The Supreme Court, on the application of the Chief Commissioner of Police, may make an order authorising the exercise of special powers conferred by this Part.

New clause E also provides:

> (2) In section 21F(2) of the Principal Act, for "relevant Minister may only recommend the making of an Order" **substitute** "Supreme Court may only make an order".

The other provision to be inserted is that the authorisation is for 60 days and can be repeatedly applied for. As I pointed out in my contribution to the second-reading debate, in other acts around the country these declarations of areas around special powers last for between 7 and 28 days. Under the Victorian act it lasts for a year.

The other concern is that the declaration is to be made by the executive government rather than by the court on the application of the police, which should be the proper way for any orders being made for declarations of areas for police to exercise special powers. In my contribution to the second-reading debate I made the point that this would be in keeping with the rest of the act, when the Supreme Court issues preventative detention orders and also oversees the issuing of covert search warrants. I think that the issuing of any of these orders or warrants under the act should be overseen by the Supreme Court for consistency and that the executive government should not be declaring areas for police activity. It is best that there is a separation of powers between the executive and the police overseen by the courts.

Mr HERBERT (Minister for Training and Skills) — The government will not be supporting the amendment as it believes it lessens the powers of the chief commissioner to seek urgent authorisation of the Governor in Council to protect essential services from an imminent terrorist attack. It is absolutely vital that we have the capacity for quick action to protect the essential services. As we know worldwide, essential services are often the target of terrorists in terms of disruptive activities to the governments and

communities they seek to damage for their own political and ideological purposes.

Essentially the Greens new clauses would be such that approval would be sought from the Supreme Court as opposed to what is in the act, which is that the chief commissioner would seek approval from the minister to enact extra powers to protect those essential services if he or she believes an imminent attack is to occur. We think that is appropriate. We think it recognises the speed with which the police may need to act in terms of protecting the essential services, and we think the Greens new clauses would unduly hinder those efforts under those types of imminent terrorist attack circumstances.

Ms PENNICUIK (Southern Metropolitan) — It is possible for the Supreme Court to act very quickly as well, just as quickly as seeking permission from the minister, the Governor in Council and the Premier. I do not agree with the minister's explanation. The court can act very quickly when needs be.

Committee divided on new clauses:

Ayes, 6

Barber, Mr	Patten, Ms (*Teller*)
Dunn, Ms	Pennicuik, Ms
Hartland, Ms (*Teller*)	Springle, Ms

Noes, 34

Atkinson, Mr	Melhem, Mr (*Teller*)
Bath, Ms	Mikakos, Ms
Bourman, Mr	Morris, Mr
Carling-Jenkins, Dr	Mulino, Mr
Crozier, Ms	O'Donohue, Mr
Dalidakis, Mr	Ondarchie, Mr
Dalla-Riva, Mr	Peulich, Mrs
Davis, Mr	Pulford, Ms
Drum, Mr	Purcell, Mr
Eideh, Mr	Ramsay, Mr
Elasmar, Mr	Rich-Phillips, Mr
Finn, Mr	Shing, Ms
Fitzherbert, Ms (*Teller*)	Somyurek, Mr
Herbert, Mr	Symes, Ms
Jennings, Mr	Tierney, Ms
Leane, Mr	Wooldridge, Ms
Lovell, Ms	Young, Mr

New clauses negatived.

Clauses 13 to 16 agreed to.

Reported to house without amendment.

Report adopted.

Third reading

Motion agreed to.

Read third time.

EDUCATION LEGISLATION AMENDMENT (TAFE AND UNIVERSITY GOVERNANCE REFORM) BILL 2015

Second reading

Debate resumed from 26 November; motion of Mr HERBERT (Minister for Training and Skills).

Mr DRUM (Northern Victoria) — It is with much joy that I get the opportunity to contribute to debate on the Education Legislation Amendment (TAFE and University Governance Reform) Bill 2015. I would like to acknowledge the work done on this bill by Steph Ryan, the member for Euroa in the other place, as the shadow minister for training, skills and apprenticeships. Right from the outset the coalition will be very clear that it is going to oppose this bill. Primarily we see this as a retrograde piece of legislation that has been brought in by the government as a bit of a payback for a range of friendly relationships that seemed to take place between TAFE boards and the government of the day. Be that as it may, when in opposition Labor members flagged they were going to bring about these changes should they win the last election, and now they have the opportunity to do so and are bringing forward these amendments.

These changes are relatively simple. This bill amends the Education and Training Reform Act 2006 in relation to the constitution of the boards of universities and TAFE colleges, it amends various university acts in relation to the constitution of councils of universities and it makes a number of minor amendments to those acts as well. This bill changes the way in which TAFE board members are appointed. It will have an aspect of determining how people on TAFE boards are removed or suspended. It also provides for the electing of a chair of these boards. Under this arrangement the minister will have the right to appoint half the members of a board, and he will be able to remove or suspend the chair of each of these boards, although it is mentioned in the legislation that this will only be in exceptional circumstances.

The bill creates a couple of new categories. One will be an as-of-right elected staff position, which will exist at each of the TAFE institutes. The CEO will have an as-of-right position with full voting rights on a board of a TAFE. This bill is also going to increase the minimum number of TAFE board members from 9 to 10. The minimum size of a university council will be increased from 11 to 13 members.

Just to go back to the TAFEs, the bill will provide for at least half of the directors to be appointed by the

minister, apart from those elected from staff and the person appointed to the CEO's position, and the remaining directors will be appointed by the board as a coopting process. This is slightly different from the way in which it was done previously, where the minister would appoint a number of people, who would then set about coopting the other members back onto the board.

The biggest change here is to the whole concept of a skills-based board. That is where we certainly have some issues with this bill and the fact that the government is moving right away and absolutely distancing itself from requiring people to have particular skill sets in order to take their place on these boards or councils.

I would like also to acknowledge the fact that this bill somewhat harks back to the future. The government is now taking the legislation on board governance back to where it was previously. During 2012 the coalition made a series of changes that, in terms of better governance, were in fact welcomed by the Auditor-General in his report on this particular issue. I would like to just refer to what the Auditor-General said about the coalition's changes in 2012. He said these improvements were a part of a suite of measures designed to improve the accountability and the oversight of the TAFE institutes. We were happy to have that issue acknowledged by the Auditor-General.

We now have a situation where the government is moving away from that skills-based model and enabling staff members to be moved back onto TAFE boards and university councils. There will be no prerequisite skills; the only requirement is that they be publicly elected.

Another aspect of the change which causes real concern is that there will be no clear guidelines around what will constitute conflict of interest. If we are going to have CEOs of TAFE colleges taking their place on boards, it raises a whole range of problems and potential problems associated with conflict of interest. In my short time of having a close relationship with the Bendigo TAFE I have seen a number of CEOs come and go, with some having a range of issues of conflict with the board; in some instances I have known of other TAFEs where there has been a real issue about transparency between the CEO, the financial situation of that particular TAFE college and also the board's ability to truly understand the full financial situation of that TAFE college.

We are certainly not convinced that it is the way to go to return to having members with full voting rights being able to be the CEO, with the ability to prepare a certain picture for the other members of the board. In fact we are steadfastly convinced that is the wrong way to go.

There are a range of issues, such as student contact hours and enterprise bargaining agreements, where it is the CEO's job to potentially go in and argue to the board that it should take a totally different tack, because there may be other issues or other angles from which to argue, and the CEO has responsibilities as the manager of the institute as well. This also raises the question of whether the CEO and staff members are best positioned to sit on boards and make incredibly tough decisions affecting other staff members. This is again something that we have been through. We have seen many colleges, and my home college of Bendigo is one, that have been through a very tough time, and Bendigo will continue to face a whole range of very tough challenges if it is going to force its way through to a point where it can become commercially viable and competitive in the private market that the Labor Party set up in 2008–09.

It is certainly of real concern to us that we are now going back to that situation when we have already made headway in trying to clean up the governance, neutralise the politics and ensure that the very best people in each of the regions are in a position to accept positions on the board — nothing to do with politics, nothing to do with staff, students and the like, but simply by being the best people for the job.

It is also worth recapping that these changes that have caused so much angst within the TAFE sector were very clearly put in place back in 2008–09, when the member for Bendigo East in the other place, Jacinta Allan, was the minister. She led the push from within the Labor Party at the time for a demand-driven model. They were very proud of it at the time, using terms like 'far-reaching reforms' that would link funding for training within the TAFE colleges to enrolments, so that anybody who wanted to enrol would be able to enrol, provided they were stepping up in the category of training courses. This was the framework that was put in place by Jacinta Allan. I think the current Minister for Training and Skills, Steve Herbert, was parliamentary secretary at the time.

There were only two things that were not put in place. Firstly, there was no decent monitoring system to check on the number of enrolments to see whether or not the enrolments were in the courses that were in areas of need or in demand in the system or whether somebody simply took an opportunity to offer a particular course. Secondly, no money was put in place for these changes. What we saw when we came to government was that the $850 million that was budgeted for under the

previous government in 2010 had in fact blown out to well over $1.2 billion — close to $1.3 billion was the actual cost of training in that particular year.

We all know the history. We all know what happened then. The then Minister for Higher Education and Skills, Mr Hall, had to bring the training budget back from $1.3 billion to $1.2 billion, and it has been there ever since. After four years of coalition government and another year now of Labor Party government the training budget is still $1.2 billion.

It is also worth noting what the Auditor-General said about that system at the time when he commented on the Labor Party's setting up of this contestable model. He said:

> The new contestable model of vocational education and training provision requires TAFE institutes to combine private sector behaviour, such as entrepreneurial pursuits, with public sector requirements for accountability.

That quote sums it all up, because quite simply that was what needed to happen, but that is not what happened. The statement covers a range of issues. Firstly, many TAFE colleges were not able to act in an entrepreneurial fashion. It can also be said that a lot of registered training organisations (RTOs) in the private sector were not able to act within public sector requirements of accountability. In many instances we ended up with the worst of both worlds, where TAFE colleges were stuck with a total lack of entrepreneurial actions and behaviours and RTOs were acting totally outside the standard of accountability we expect from the public sector.

The coalition has serious concerns about this bill. I have spoken enough about the history; we are in the situation we are in now. We understand that the government went to the election saying it would in fact undo the changes that we put in place, and it is now doing that here. That is why the coalition is not going to try to amend anything. We are not going to try to convince anybody about this. We simply do not agree with it. We do not believe the government should be walking away from skills-based boards or skills-based university councils. We believe the government should be sticking to what we have in place at the moment.

I note an article in the *Australian* of 24 April written by Andrew Trounson. Under the heading 'Victorian unis criticise council tinkering, saying elected reps are unnecessary', the first paragraph states:

> Victoria's universities have criticised the state government's plan to restore elected student and staff representatives on university councils, arguing it is unnecessary interference.

The article goes on to say why it should not be happening.

It is worrying to the coalition that the concept of having a skills-based filter on these appointments has also been rejected by the government. I cannot quite understand why any government would move away from a skills-based approach to any board, let alone the boards of our TAFEs. As MPs we sit down and talk to our TAFEs. We understand the issues that many of them are going through. We understand the versatility and flexibility of many RTOs and the situations they operate in, and how they were responsive to the market sector at the time. It is much more difficult for TAFEs now, and even more difficult for universities. These are some of the challenges that are now facing our TAFE colleges around the state, and it is a real concern.

To think that really good or even great teachers are going to have the skill sets to make a difference with so many of these commercial viability issues seems an absolute nonsense. Mixing up the skills — the ability to be a great teacher with the ability of being able to run a TAFE — seems absolutely ludicrous. To consider that this bill is in some way or other restoring democracy or good governance is something I cannot quite understand.

There are a range of challenges and problems for the TAFE sector and universities. In this instance the TAFE sector has been put into the position of having to compete in a totally open market, a situation put in place by the Labor Party. I am sure we have a minister who is committed to trying to do the best he can with this sector, but we have a range of problems. TAFE enrolments are down this year, and there is a series of challenges for everybody connected with this sector. Moving away from a skills-based approach to fill up universities with people who have to be elected out of the student base — and for TAFEs, the CEO and the staff — seems to not make a lot of sense at all.

I would like to mention Peter Hall, a former member of this place and minister responsible for the tertiary education and training portfolio in the early term of the last government. Apart from anything, Peter Hall was a colleague and a good friend of mine. I know the amount of work Minister Hall did in putting in people he considered to be the best available for the respective boards. I know how devoid of politics these appointments were. Minister Hall was incredibly straight when it came to finding the people the board was requesting. Generally speaking the board would request two or three types of skills that were needed. The board would do an enormous amount of work in trying to source people with those skills, and Minister

Hall would do an awful lot of work to check that these people were good enough to fulfil the roles in TAFEs, understanding that it was a very important job to run these training and learning institutions the way we all wanted them to be run.

It seems that those days are over. I note the words of Ms Ryan, the member for Euroa in the lower house. In her contribution to the second-reading debate she said the bill was a return to politics in learning institutions. At least half, if not more, of every TAFE board will be a ministerial appointment. Staff and student representatives will again be put back onto the boards of universities, a move that the universities are saying should not happen.

It is an interesting situation. We regret that the government is moving in this direction. However, we understand that it is the government's prerogative to do so. Labor said it would go down this path, and it has now introduced this bill into the Parliament. No doubt the Greens will support the bill, and therefore the government, with the help of the Sex Party, will most likely get its way. We think that on the sheer pragmatics of moving away from a skills-based board and moving back to what will end up being union representation on the boards is going to be difficult in what is a troubled sector for whichever government happens to be in power in this state.

There is a real challenge ahead, and it is disappointing that the government is moving away from having on these boards the very best people who can do this work, and moving to people who have an interest, and it might be a personal interest, in how the final outcome of these boards is determined. With those few words the opposition will oppose this legislation. Knowing that the government of the day indicated it was always going to do this and is doing this, we accept that but we will not be voting for this legislation.

Mr EIDEH (Western Metropolitan) — I rise to make a very brief contribution to the debate on the Education Legislation Amendment (TAFE and University Governance Reform) Bill 2015. This bill is very important as it seeks to instil governance, and effective representation of students and staff at universities and TAFEs across the state. The Andrews Labor government is delivering on its key election commitment to restore student and staff representation on university and TAFE councils and boards. This bill is just another example of our government getting on with it and implementing the commitments we made to Victorians at the last election.

The legislation amends the Education and Training Reform Act 2006 to ensure that there is at least one elected student and one elected member of staff on every university council and at least one elected staff member on every TAFE board, along with the CEO. Having this representation is essential in ensuring that students and staff have input into important decisions and the decision-making process that precedes them.

Unlike the previous government, our government has made education in this state a priority. Under the former Liberal-Nationals government, a total of $1.2 billion was savagely cut from TAFEs, which had a devastating impact on training in Victoria. The fallout from the coalition TAFE cuts continue to be felt. Between 2011 and 2014 total state government contributions to the TAFE sector declined from $733 million to $468 million, a fall of 36 per cent. After its election victory the Andrews Labor government immediately started the job of saving our TAFE system and rebuilding it after the damage done to it by the previous Liberal-Nationals government.

The Andrews Labor government allocated $320 million for the TAFE Rescue Fund to strengthen TAFE institutes by reopening closed campuses, upgrading buildings, workshops and labs, and providing much-needed support that had been ripped away from TAFE by the previous government. The TAFE Rescue Fund started flowing to TAFEs in need with an immediate cash injection of $20 million provided to TAFEs in severe financial distress. We also created the TAFE Back to Work Fund, totalling $50 million. This fund aims to support TAFEs to build capability and partnerships with businesses and industry, including those in the six growth sectors identified by the *Back to Work* plan. The fund will allow the TAFE sector to better meet the training needs of businesses hiring unemployed youth, the long-term unemployed and retrenched workers as part of the Back to Work scheme.

This bill is just another example of this government's continued and ongoing commitment to education and TAFE in Victoria. I commend the bill to the house and wish it a speedy passage.

Mrs PEULICH (South Eastern Metropolitan) — I also wish to speak briefly on the Education Legislation Amendment (TAFE and University Governance Reform) Bill 2015. I endorse Mr Drum's comments as well as the work undertaken by the shadow minister for the portfolio, Steph Ryan, the member for Euroa in the Assembly.

Before making some comments on this bill — and this is turning the clock back — I want to expose a myth that Labor constantly espouses, and that is that education is its no. 1 priority. Labor is very good with the words, but funding and its track record prove otherwise. Every time Labor is in office it leaves a legacy of crumbling schools because it does not allocate sufficient funds for maintenance and capital works. Having been a member of the lower house and the upper house, and as a former schoolteacher and English faculty head, this has been the bane of my life, because I believe educators should be focusing on education and not maintaining buildings or running fundraisers in order to pay for basic works. That is why, as a member of the lower house, I campaigned hard to make sure that schools and their maintenance needs were regularly audited and would be able to be assessed for funding based on their relative needs.

Schools are not selfish organisations. All they want to know is that their legitimate needs are going to be fairly and objectively compared to those of others and when they are likely to come in for funding. The Labor Party has never supported audits. We set up a system called the physical resources management system, known as PRMS, which enabled schools to be ranked on a 0 to 5 scale and for there to be an orderly annual program of school maintenance. The very first thing that Labor did when it got into office back in 1999, following the Kennett regime and with the support of the so-called Independents, was to dismantle the PRMS. Subsequently, school communities, school councils and school principals had to kowtow to the powers that be and kiss the backsides of the minister in order to have their legitimate needs for school maintenance addressed.

That is a culture that ought not exist. In the 21st century school communities should be treated decently, fairly and without favouritism. It should not be that a school is in a Labor heartland, a Liberal heartland or a marginal seat and that how they access funding is determined by their electoral sensitivity. I was astonished to hear, after four years of a Liberal-Nationals government under, first of all, Ted Baillieu and then Denis Napthine, Labor MP after Labor MP standing up bemoaning the funding of education and the fact that school buildings had crumbled and collapsed. I am not sure how that happens within a period of four years.

When we left office back in 1999 we had wiped out the school maintenance backlog that we inherited in 1992. Yet again we made significant inroads. I forecast that there will be a substantial backlog of school maintenance left behind by this Labor government. A Liberal-Nationals government is the one government that always better looks after facilities.

What the Labor Party does is force schools to merge or amalgamate under all sorts of processes and guises. Now we hear that 10 surplus sites are going to be flogged off, when indeed there is a densification of population, especially in inner and middle suburbs, and there is a need for more schools. Ms Springle has raised this issue in relation to the Keysborough area, as I have, where the local schools are chock-a-block full. Dingley Primary School and Kingswood Primary School in my local area are having their valuable ground space taken up by more portables to accommodate the growth as a result of schools having been closed, and those sites are more than likely to be flogged off.

Ironically, all of the schools in which I have taught — each and every one of them — has subsequently been closed by a Labor government. I taught at Merrilands High School; that was closed. I taught at Cleeland Secondary College; that was merged with Dandenong High School. I taught at the Hallam campus of Eumemmerring College; first of all they developed a multicampus, a bigger than Ben Hur configuration which was never, ever going to work — and it did not.

Mr Herbert — They have got a great trade training centre there now.

Mrs PEULICH — I have visited Hallam, and I am very keen to see a good quality of education being accessed by students, no matter where they are or what their backgrounds. I look at myself. I came here as a migrant. My father was well educated, my mother was not, and they saw education as absolutely the most important thing in a person's life. I must confess that I share that value. I think it is an important, transformational opportunity.

I went to one of the worst schools in the state. I think I may already be on record saying that I wagged two terms before my parents were even notified, because we did not matter, we will working class kids who were consigned to a certain future. In fact the school principal wrote in my report at the end of year 10 to my parents: 'Dear Mr and Mrs So-and-so, we advise you to take Inga out of school. We feel she has nothing further to gain'. That is not the philosophy that I subscribe to.

The sad and ironic thing is that the Auditor-General, in the 27 audits that his office has undertaken of the education sector, and some of them longitudinal, has said that notwithstanding the billions of dollars that has been injected into various initiatives in education, literacy and numeracy performance in Victoria has

flatlined for 10 years. The reason is the governance structures and processes, the accountability of teachers and schools, the underperformance of organisations and schools have never been addressed, because Labor keeps on always unpicking the reforms that need to occur. The sector needs to modernise, and until we modernise that, our children will continue to be deprived of a quality education.

The amount of money that we spend in government schools — the last time I looked at it — was about $13 500 per student. It is probably more now. It favourably compares to the cost of a middle-ranking private school. I will get onto the bill in a moment, but suffice to say we are indeed lucky to have a mixed economy of education in Victoria, because I think where a government school is failing there will be opportunity for a non-government school to be the saviour, to be the school of choice and indeed to fill a gap. I know that the independent sector plays a really important role in the interface and growth areas, where governments are often very slow and tardy in establishing schools that are needed.

Governance was a really important reform that we tried to pursue certainly under the Kennett regime, but also under the recent Baillieu and Napthine governments. This area was one of the many. We inherited a vocational education and training system that was misconceived and underfunded and had seen a growth in the registered training organisation (RTO) sector, which was intended in the 2009 reforms introduced by Jacinta Allan, the then Minister for Skills and Workforce Participation, which Damian Drum has canvassed. This deliberately opened up the TAFE sector to competition, and ever since then the Labor Party has been trying to blame the Liberals for destroying the TAFE sector. In fact it was Labor that deregulated the TAFE sector, opened it up to RTOs and private providers, without having the safeguards, the quality assurance, the governance structures or the oversight in place to make sure that the system was not being ripped off, that the quality of courses that students were paying for were being delivered and that there were not rorts.

I have a theory, which I have previously shared in this place. Why does a Labor government open up a TAFE sector to competition for the benefit of the private sector? I find that an extraordinary proposition. It is against every genetic inclination of the Labor Party. I think the answer lies in the fact that most major unions have an RTO. So you move the money out of the TAFE sector to a union-aligned RTO, and it is a cash cow. You introduce 'recognition of prior learning' and boom, boom, boom, you get money. It is the noses in the trough. I have often called for an audit of all of the RTOs, including those affiliated with the union movement, to make sure that our valuable education dollars are not misspent.

I was not surprised to see this bill. I thought it would be one of the first cabs of the rank, but I was wrong — it has taken a year. Following a fairly damning report on TAFE governance by the Auditor-General, tabled October 2011 — so roughly a year into a Liberal-Nationals coalition government — the former government tried to implement what the Auditor-General recommended. I will just make a couple of references to the report. On page vii it says;

> Today, institutes operate in a contestable market where they are required to compete with other registered training organisations … both public and private, for a share of the student market. Institutes are now encouraged to attract revenue in domestic and international markets.

He goes on to give a fairly scathing report, largely due to Skills Victoria failing to provide oversight of strategic policies and processes. It goes on to say on page viii:

> Although overarching strategic policies have been documented and communicated to the sector, comprehensive lower level operational policies have not been developed or appropriately promoted to the sector.

The report goes on to say:

> … emerging issues affecting the whole TAFE sector were not identified or resolved in a timely manner. The ad hoc communication prior to and during the financial transaction, and its lack of clearly documented policies, means that Skills Victoria cannot provide assurance that similar situations have not occurred.

This was in reference to Holmesglen buying out a private provider pre its intent to merge without doing the necessary preparations. The report continues:

> Skills Victoria has not demonstrated that it has adapted its oversight role to respond to the contestable market model.

Therein lies the problem, and this makes it worse, because as Mr Drum commented, the model moves away from the skills-based selection of members of boards. It is critical to be able to have high-performing boards and councils in an agile environment to respond to a very diverse market. By having a student representative — and no doubt it will be a student union representative or a teacher union representative because that is the ideology this bill is predicated upon — the boards will become bigger and more sluggish, so in actual fact it is taking the very opposite direction that reform needs to take.

In addition to that, the legitimate concern that has been raised through the consultation process is about not addressing the conflicts of interest of a staff member on a TAFE institute board. Clearly Skills Victoria is going to have to play an important role in developing some rules and guidelines on how to deal with the conflicts of interest that will arise, especially surrounding, say, enterprise bargaining agreement negotiations. Some of the TAFEs and universities have opted to continue to have staff and student representatives, and that is fine; that is their right in an autonomous environment. Others have actually established other forms of consultation, and that is what high-performing organisations do. They make sure that they understand the needs and the views of their key stakeholders. This is the minister, this is Labor, meddling and intervening.

With only a minute to go, I would have liked to spend a much greater length of time discussing the reforms needed in the sector. Unfortunately the minister, as I said, has indicated that he does not have the vision that the sector needs. I look forward to contributing to future debates, but in the meantime the opposition is not supporting the bill because of its concern about the impact this bill has on good governance, specifically the government's decision to move away from the principles of skills-based TAFE boards through the introduction of elected staff. The bill also heralds a return to good old union representation on governing bodies, which has been a significant factor contributing to the underperformance of our educational institutions at all levels. With those few words, I will be voting against the bill.

Ms TIERNEY (Western Victoria) — I rise to speak on the Education Legislation Amendment (TAFE and University Governance Reform) Bill 2015. I am extremely pleased to make a contribution with respect to this bill because it is an election commitment that the Labor Party took to the last election. I recall when the former government brought a bill into the house it was exceedingly unpopular. I recall speaking quite strenuously against it, and I was very pleased to see that the Labor Party also listened to what a whole range of people were saying in the education community and supported the restoration of democracy in the higher education sector.

This bill is a further response by this government to repair the damage from the previous government's attack on the TAFE system. It is very important to remember that the previous government inflicted over $1 billion worth of cuts to the TAFE sector. These cuts had devastating effects on a range of communities right across the state. I have spoken many times of the devastation from the cuts that put South West TAFE — all three campuses — in a very precarious situation, and indeed Gordon TAFE and the University of Ballarat TAFE. These were attacks that were unconscionable in terms of regional Victoria. We also saw, right around the state, a whole range of campuses that were closed, but also there were mergers that were foisted upon many institutions. It is also important to remember that over 3000 jobs have been lost in this sector as a result of the attack on the system.

There are now 30 000 fewer government-funded students in Victoria than there were prior to the previous government's attack in 2011. It cannot even be said that these attacks restored fiscal responsibility or fiscal discipline. The defunding of TAFE moved the TAFE sector from a $109 million operating surplus to a $72 million deficit. The cost of training has skyrocketed and hundreds of courses have been cut. In short, the previous government's cuts had, and still are having, an effect on our communities. It has been a disaster for the TAFE sector.

All of this is extraordinary when it is remembered that the previous government knew that tens of thousands of Victorians were set to become unemployed over the next few years, and the car industry is just one example. Of course these workers will need retraining. Not only have car workers' livelihoods been sacrificed on the ideological altar of the federal Liberal government, but also the state Liberals have also made sure that life will still be tough post the car industry departure with its cuts to the TAFE sector.

The Andrews government refutes the assumptions that underpinned these decisions. It will not stand by leaving tens of thousands of families without the help and retraining opportunities that they deserve. Yesterday the Minister for Industry, Lily D'Ambrosio, made a significant contribution in this area.

Since coming to government we have set about repairing the damage done to our TAFE system by setting aside $320 million for the TAFE Rescue Fund. This is for reopening campuses, upgrading buildings, workshops and laboratories and is the sort of support the TAFE sector needs from government. There is also the $50 million TAFE Back to Work fund to help TAFE better meet the training needs of businesses hiring unemployed youth, the long-term unemployed and retrenched workers. TAFEs are also starting to open their skills and jobs centres as part of the $15 million program to have a one-stop shop for skills and information.

The contrast in approach is stark. The previous government saw the cost of everything and the value of

nothing. The Andrews Labor government rejects that approach. We see the value in higher education and the TAFE sector in particular. This bill continues to highlight those differences. The bill gives TAFEs greater control of their boards and makes them more representative. The bill also brings Victoria's eight universities into line with common practice around Australia by bringing democracy back to our universities through elected student and staff council members on all university councils. The TAFE and university governance changes made by the previous government were doomed to fail. They prioritised commercial practise and efficiency ahead of the educational and social functions of TAFEs and universities. These reforms start to repair that loss of focus.

Governance of our institutions is important. The bill reflects the expectations of the government in regard to the governance of our universities and TAFEs. We believe the appointment and remuneration guidelines have been updated to reflect government policy, such as our commitment that 50 per cent of board appointments will be women. The revised guidelines also clarify who is eligible to receive payment, what mandatory probity checks must be performed and the authority to remove an appointment.

The bill addresses the key risks identified in the 2013 Ombudsman's report *A Review of the Governance of Public Sector Boards in Victoria*. Essentially greater care needs to be taken when recruiting and selecting board members. This will be done via selection criteria and position descriptions for board vacancies. Chairpersons will maintain a skills matrix to inform vacancies and assist in succession planning. The government will also require appropriate induction processes to allow new board members to participate fully and effectively in the workings of the board.

As seen by the devastation foisted upon South West TAFE, it is essential that boards understand the issues affecting staff, students and the community. The previous government's reforms removed staff and student as elected board members. CEOs were also removed from boards, and boards were no longer able to elect their own chairperson.

TAFEs will now add at least one staff director and the CEO to the board. They will also be given more independence to appoint their own directors and will elect the chairperson from the board. This will result in TAFE institutes being governed by boards of between 10 and 15 members. At least half of these board members will be appointed by the minister. As stated earlier, these new boards will adhere to the government's commitment to 50 percent of appointments being women. Eligible elected staff members will be entitled to remuneration and will be directly elected. They will also be supported with appropriate training. The training will emphasise the importance of confidentiality of board decisions and documents and how the rules of conflict of interest apply to them.

Obviously the staff-elected director's responsibility as a board member will be to consider the best interests of the relevant TAFE when making board decisions. The reforms will have a six-month transition period. All existing board members will have their terms extended until July next year, when the Andrews government's reforms are implemented. The reforms will retain a reserve power for the Governor in Council to remove the entire TAFE board on the advice of the minister.

In respect of universities, the reforms do not make any change to the maximum size of a university council; that will remain at 21. The bill restores the rights of staff and students to be directly elected to university councils. As I mentioned, this right was removed in 2012 by the previous government as part of a wholesale attack on the higher education system. The minimum size of university councils will increase from 11 to 13 to accommodate new elected members.

As with the TAFE sector there will be a six-month transition to these arrangements. This will allow universities to make or amend statutes to provide for election processes. As I said before, the elections will be direct elections. The terms will be for a maximum of three years for staff and two years for students. The council will have the flexibility to determine the length of elected member's terms. This is to allow for semester breaks, casual vacancies and the election of representatives by new students to represent them. Universities will be given the power to make statutes to provide for the adequate training and support of elected members of council.

The government is clear: it expects that it will be mandatory for all elected members to receive appropriate training. The minister will be writing to the universities to make this expectation clear. The vice-chancellors have agreed to this as it serves all parties' best interests to have trained councillors. Eligible staff and student councillors will be entitled to remuneration. The bill also requires university councils to include a minimum of two members with financial expertise and one with commercial expertise from either the government or council-appointed members. Currently this requirement must be met by

government-appointed members. This reform will give greater flexibility to university council appointments.

This bill delivers on an election commitment. It restores the voices of students and staff to the institutions they cherish. The previous government looked at education as a commodity. It is not; it is far more than that. It is an investment in our human capital. It gives people chances in life. It works best reflecting on the unique needs of the communities that make up the organisation. These reforms will restore democracy at TAFEs and universities to allow those institutions to reflect the communities they are part of and give a voice to those concerned about the delivery of education. These changes are not radical. Staff and students are a valuable asset to the TAFE and university systems. The Andrews Labor government believes their voices are vital in decision-making relating to how TAFEs and universities are run. They are not merely special interest groups, as the previous government believed; they are people who care about their institution and education.

Unlike the previous government we have consulted widely on these reforms. They are backed by the relevant sectors, they are another election commitment honoured and, most importantly, they are another vital step along the road to repairing our TAFE system after the economic vandalism of the previous government. They restore democracy to our higher education system. I completely commend this bill to the house.

Ms PENNICUIK (Southern Metropolitan) — I am very pleased to speak on the Education Legislation Amendment (TAFE and University Governance Reform) Bill 2015. I indicate at the outset that the Greens will be supporting this bill. On 27 November 2012 the then Baillieu government passed the Education Legislation Amendment (Governance) Bill 2012, which abolished staff and student representation on university councils and TAFE boards. The Greens voted against that bill. We did not support those provisions or agree with the arguments that were put forward in support of them, which we are hearing again today.

The Greens believe — and it has been our position all along — that there should be elected staff and student representatives on university councils and TAFE boards. Their removal in Victoria was contrary to the practice in other jurisdictions around the country. It was our policy at the last election that we would like to see this representation restored. We are supportive of the bill that the government has brought before us today, and we would be pleased to see it pass today so that these provisions are in place for the new academic year. This bill ensures that there is at least one elected student and one elected staff member on every university council and one elected staff member on every TAFE board, and it reinstates the CEO to TAFE boards. It amends various university and TAFE acts to this effect and makes related technical and consequential amendments. I have had a discussion with the Minister for Training and Skills about the fact that the bill provides for the election of a staff member to every TAFE board but not a student representative. The Australian Education Union has also expressed concern in regard to this. I know TAFEs are different from universities, and different from each other as well, but given the importance of having the voices of staff and students heard, I would like to see this changed. The minister has indicated to me that he will make some comments about this, including that the government will continue to look at this issue, because it is important.

I do not agree with comments by Mr Drum and Mrs Peulich that this is somehow taking us back to the dark ages and will detrimentally affect the running of university councils and TAFE boards. The bill allows for one student and one staff representative on university councils and one staff member on TAFE boards. Other jurisdictions around the country have greater numbers of staff and student representatives on councils and boards. The position we are taking in Victoria is conservative. I would support greater numbers of staff and student representatives. Universities and TAFEs are not primarily businesses; they are educational institutions. They would not exist without students. The role of students, who are affected by what goes on in their educational institutions, is very important. Their voices should be heard at the council and board level. The same can be said for the staff of universities and TAFEs.

The evidence around the country and around the world is that staff and students make a valuable contribution to councils and boards. This bill also contains provisions to broaden the skill base of university councils and TAFE boards to include financial and commercial experience or expertise. The argument that is being run by the opposition is spurious. It is a false argument. It is important to have the voices of staff and students heard on councils and boards. We fully support the major provisions of this bill.

At the time that the Greens voted against the bill brought to the house by the Baillieu government, we raised the issue that the amendments removing staff and students reduced transparency and accountability and that this was completely unnecessary and undemocratic. It was also counterproductive because,

as I have said, the voices of staff and students are important in the governance and administration of our public universities and TAFEs.

Sitting suspended 6.30 p.m. until 8.04 p.m.

Ms PENNICUIK — Prior to the dinner break I was talking about the lack of student representation on TAFE boards. I have discussed this with the Minister for Training and Skills and he assures me that he is going to make some comments about how the government responds to this and perhaps makes some changes with regard to that particular issue.

I was happy to speak with representatives of the National Tertiary Education Union and the Australian Education Union about this issue. I have also recently received some very detailed submissions from the National Union of Students. It has put together a summary of the situation around the country. Opposition speakers have been saying that it would somehow be the end of the world as we know it to put staff and students back onto the university councils and TAFE boards, but that is where they always have been. The National Tertiary Education Union made the point that it would prefer to see two staff members and two students elected to university councils, which is not so unusual because it occurs in other states.

In New South Wales most universities have a directly elected undergraduate representative and a graduate student representative on the governing body with regard to students only. Queensland universities directly elect one undergraduate student and one graduate student to their boards, apart from the Central Queensland University and the University of Southern Queensland, which each have a single elected student on their boards. In Tasmania two representatives are appointed to the council of the University of Tasmania following consultation with the university. In Western Australia there are two undergraduate students and one graduate student directly elected to the senate of the University of Western Australia; one undergraduate and one graduate directly elected to the university council at Curtin University; and two students elected to the governing bodies of both the Edith Cowan University and the Murdoch University. In South Australia there are two undergraduate students and one graduate student elected to the council of the University of Adelaide.

As members can see, around the country there is often more than one student elected to the councils of those universities, and that is something we can perhaps look at in the future. There is nothing to prevent a university council from electing more than one student and one staff member to its council, seeing that the member representation is increasing but the maximum is still staying at 21, and there is no reason why it could not be achieved without the legislation. The legislation of course just ensures that there is at least one staff member and one student elected to university councils, which is a good thing and is in keeping with previous practice in Victoria and current practice around the country.

Amendments in the bill will change the way TAFE board members are appointed, removed or suspended by providing for the board chairperson to be elected by the board; the minister to have the right to object to the appointment of a board chairperson before the appointment is made, the removal of the Governor in Council's power to remove an individual director, including the chairperson; a ministerial and a board power to remove or suspend the board chairperson with the minister's power reserved for exceptional circumstances; the removal of the minister's power to appoint board nominee directors on the recommendation of the chairperson and ministerial nominee directors and providing for directors to be coopted by existing directors; and the removal of the minister's power to suspend or remove board nominee directors and providing the board with power to suspend or remove coopted directors.

Also, with regard to the composition of TAFE boards, the bill provides for an increase in the minimum size of TAFE boards from 9 directors to 10 and provides that at least half of those be appointed by the minister, with a minimum of one director or any greater fixed number of directors to be elected by staff members.

The chief executive officer of the institute will also be a member of the board, which is an interesting issue. If I remember correctly, I raised in 2012 whether the CEO should be a member of the board, given that the CEO reports to the board and carries out its strategic directions. That is something the minister might wish to comment on. The bill also provides that the remaining directors must be appointed to the board by cooption, replacing the current process where the minister appoints a number of directors. The Greens are pleased to see representation by staff restored to TAFE boards and representation by students and staff restored to university councils.

I would like to take an opportunity to talk briefly about the problems that remain in the vocational education and training sector after seven years of mayhem in that sector. That began with the introduction of market contestability under the previous Labor government. Members who were in Parliament at the time would

remember me raising that issue and predicting what was going to happen, and it did happen. The government of the day was warned at the time about the possible problems associated with the unregulated market contestability that was introduced.

Firstly, we saw a long list of TAFE institutes under stress, with staff made redundant or not having their contracts renewed. Thousands of staff lost their jobs during the first couple of years. Lots of courses were discontinued and lost to the training regime in Victoria, and many TAFE institutes got into financial trouble, with some having to close or merge. Added to that and exacerbated by the policies of the previous coalition government was the ripping of money from the TAFE sector. People talk about it being $300 million, but it was probably quite a lot more than that in the long run.

I can remember raising this issue many times in Parliament across the chamber with the responsible minister at the time, Mr Hall. He kept saying and government members kept saying there had been a blowout in TAFE. In fact there had not been a blowout in TAFE; there had been a blowout in money going to private providers. There had been a blowout in vocational education and training (VET), but all the new money was going to private providers, most of which were completely unregulated. The Victorian Registration and Qualifications Authority was not resourced enough to deal with that situation. It all happened very quickly.

As a result we saw a long list of collapses by registered training organisations (RTOs), some of which had sprung up like mushrooms. Back in 2012 there was an attempt to have the whole issue of the rorting of the training system by a number of RTOs, reported widely in the media, sent to a committee for an inquiry. The ALP supported that reference, but the government of the day voted against it. That was a shame because an inquiry might have got to the bottom of a few things three years ago and perhaps prevented more of it from happening.

We have had a long list of allegations — not allegations, but reality — about poor-quality training where students have been taken advantage of. They have not been able to get qualifications. The training they have received in many cases has been dodgy, to say the least, or totally substandard, and they have found themselves out in the workplace not properly trained, with employers not wanting to employ them because of their lack of training. Victoria's whole vocational education and training system, which was the envy of the world seven years ago, has had its reputation seriously undermined by a lack of action. We have seen hundreds of millions of dollars going to registered training organisations in the private sector — Victorian taxpayers money — and in other states as well. This was all made worse by the VET FEE-HELP system, which was also completely unregulated. We know about all the problems that have been happening, and the government has put some money back into the system, but it has not addressed the nub of the problem, which is market contestability. The TAFE system has gone from providing at least 70 per cent of the training in Victoria to providing somewhere around 28 per cent or 29 per cent. Mr Herbert, I am sure, knows the exact figure.

Mr Herbert interjected.

Ms PENNICUIK — Mr Herbert says it is 25, so it is less. That is an absolute tragedy. The government should be looking at the model it put in place. Mrs Peulich certainly referred to it in her speech, saying that the ALP put the market contestability system in place, and I agree with her on that. But the coalition did nothing about that; it exacerbated the problem by ripping money out of TAFE and taking virtually no action on the registered training organisations that were running amok.

As we all know, it continues to this day. Only last month a huge training organisation, Vocation Ltd, collapsed and went into receivership, putting at risk the training of 12 000 students across Australia, 2000 of them in Victoria. It owes the Department of Education and Training $8 million — it owes the taxpayers $8 million. It just rolls on and on with one horror story after another, and it is students in Victoria who suffer as a result. Neither government has taken anywhere near enough action or gone to the nub of the problem.

Mrs Peulich — What action? Tell us.

Ms PENNICUIK — To respond to the interjection, you know what my vision is, Mrs Peulich; it is no secret. First of all, rewind the market contestability model and, second, bring in proper quality training for all vocational education and training teachers, with minimum standards, minimum hours and quality requirements for training courses, and increase the amount of money directed towards the TAFE system. If we put those things in place, we would see things turn around.

Mrs Peulich also referred to the Auditor-General's reports, and I have read and commented on them in the Parliament. The Auditor-General basically just states the facts. I do not think that in any of the reports I have read the Auditor-General has made any comments on

the actual system but has stated the fact that under the market contestability model the TAFE sector was struggling. That is basically what I read. Of course it was struggling, because it had to deal with the market contestability model with no regulation of the registered training organisations, which were allowed to proceed pretty much unregulated with unregulated staff and nobody really looking at the courses they were running.

At any opportunity I like to point out that the TAFE system is still struggling and the government has not done enough about it. I do not think the remedies it has in place now will solve the problem, even though I agree that they go some way — and Mr Herbert and I have dealt with this in question time and will continue to do so. There is still a long way to go, and we owe it to the 2000 current students. Mr Herbert says they are going to be accommodated in the TAFE system at no cost to them. That is great, but it will be at a cost to the taxpayer. It could all have been prevented; that is the sadness of this. It should never have happened in the first place.

I digress from the provisions in the bill, but I took my lead from Mrs Peulich, who also went off to talk about related but not directly related issues. I will finish by saying the Greens are very happy to support the bill.

Ms BATH (Eastern Victoria) — I am pleased to make a contribution this evening to the debate on the Education Legislation Amendment (TAFE and University Governance Reform) Bill 2015. In summing up a conversation I had with my son about the bill just before, I said that basically it is about introducing more people into the TAFE and university systems without being more effective. For those reasons the Liberal-Nationals coalition is opposing the bill.

I begin by taking a step back prior to the introduction of the legislation to look at it from a historical perspective. In 2011 an Auditor-General's report on TAFE governance stated:

> The Victorian Skills Commission … has a role to oversee the Victorian training system and it delegates many of its functions to Skills Victoria, a business unit in the Department of Education and Early Childhood Development … Skills Victoria supports TAFE institutes to meet government goals and targets and also manages the government's relationship with the institutes.
>
> There have been major policy changes affecting TAFE institutes over the past 10 years. This has seen a shift away from a traditional model of TAFE institutes using block funding from government to provide services to their local community. Today —

which was 2011 —

> institutes operate in a contestable market where they are required to compete with other registered training organisations (RTO), both public and private, for a share of the student market. Institutes are now encouraged to attract revenue in domestic and international markets.

The trigger for the Auditor-General's report was the handling by Holmesglen Institute of TAFE of a failed acquisition of a struggling RTO that resulted in a $3 million impairment to Holmesglen's accounts. As such, the auditor examined the legal authority and financial prudence of Holmesglen's decision to enter into this arrangement as well as broader, systemic questions about the effectiveness of oversight of the sector. The report states:

> There was inadequate and ineffective engagement between Holmesglen and Skills Victoria over a number of years leading up to, and during, the failed acquisition strategy. This was symptomatic of Skills Victoria's general failure to provide sound oversight and leadership of the TAFE sector during a period of significant strategic repositioning. Leadership was needed to ensure that expectations of TAFE institutes were consistent with public sector accountability frameworks and to provide assurance on the efficient and transparent use of public resources.

The report further states:

> Skills Victoria has not demonstrated that it has adapted its oversight role to respond to the contestable market model. This transition was always going to be challenging, for both TAFE institutes and for Skills Victoria. However, as the key oversight body, Skills Victoria needed to drive the change.

Skills Victoria no longer exists, and it was against this backdrop that the coalition brought in legislation in 2012 to address the concerns raised by the Auditor-General about the governance of TAFEs operating in a new demand-driven system. The legislation enabled TAFEs to be better equipped to cope with the commercial risks and realities of operating in such a system, and it was welcomed by the Auditor-General at the time.

The main provisions in the bill this evening reverse the changes made in 2012 by the coalition government to improve the accountability and oversight of TAFE institutes and universities alike. As a former teacher, I understand the importance of good governance in the education industry and believe this bill undoes the hard work done to generate good governance in the sector. The bill makes a number of changes, including changing the way TAFE institute board members are appointed, removed or suspended by providing for the election of the chair by the board. It gives the minister the right to object before the appointment is made and gives both the minister and the board the power to remove or suspend the board chair, with the minister to exercise that power only in exceptional circumstances.

The bill also inserts two new categories of membership on TAFE institute boards by providing for at least one as-of-right elected staff position, including each TAFE institute's chief executive officer being a full board member with voting rights. It increases the minimum size of TAFE institute boards from 9 to 10 members. The bill provides that at least half of the directors must be appointed by the minister, in addition to which a minimum of one director — note there is no maximum — will be elected by staff members and one will be the chief executive officer. The board must appoint the remaining directors by cooption. This replaces the process of the minister appointing a number of directors after considering the advice of appointed directors. The bill re-establishes chief executive officers to TAFE boards with full voting rights.

My main concern is that the current government is moving away from a skills-based model and closer to a factional political model. Directors elected by staff do not have to meet competency or skills criteria. In the second-reading speech the minister in the other place stated with respect to ministerial appointments:

> … ministers must be afforded the opportunity to select the strongest candidate for each vacancy, based on a position description that reflects the skills and experience required by the board and all appointees must be selected on merit.

However, for the directors elected by staff members and for the chief executive officer — and note that this can be up five directors — there is no such prerequisite. There is only the fact that they are publically elected. There is no skills-based analysis. There is no reason why they cannot all be union appointees with a particular agenda and/or people with limited expertise. I hope this will not be the case, but there is no security that it will not be so.

In recent visits to hospitals in my electorate, I became aware that when a director leaves or retires the hospital board seeks to identify — through a skills matrix — specific attributes and talents so that the replacement can complement the members and fill the gap to enable the board to operate to the highest efficiency and competency possible. In the operation of TAFEs and universities this bill allows decisions surrounding education to be made by the victor of a popularity contest rather than those with proven achievement or legitimacy within the education sector. Another concern is that as a result of the rejection of the use of a skills matrix or a candidate filtration model combined with there being no clear guidelines surrounding what constitutes a conflict of interest, there is great possibility for misconduct on the boards, intentional or not.

This bill allows individual boards, though they will be bound by the Victorian Public Sector Commission standards, to decide whether or not staff members are required to declare conflicts of interest. This could be critical when it comes to negotiations surrounding important matters such as an enterprise bargaining agreement or student assessment and contact hours. Theoretically directors can become both the players in an enterprise bargaining agreement negotiation and the masters of the board's decision. The argument that this brings greater democracy to the system is nothing short of a superficial claim. At the end of the day control lies with the minister, who has the power to appoint half the board. With the other half being selected through popularity politics, there is a question mark over the board's ability to meet the requirements of running a TAFE.

The bill also amends the eight university acts to again put elected staff and student members on university councils and it increases the minimum size of university councils from 11 to 13 members. The 13-member council will consist of the chancellor, vice-chancellor, the president of the academic board, at least four government-appointed members, four council-appointed members and staff and students. This is a retrograde step. In 2012 the majority of universities welcomed the reduction to a more manageable size of 11 directors. Dr Paul Hemming, today the chancellor of Federation University Australia and back in 2012 chancellor of the University of Ballarat, had no qualms about the coalition's reforms.

The former Minister for Higher Education and Skills in the coalition government, the Honourable Peter Hall, said in 2012:

> It takes very specific skills to oversee a large public educational institution and selecting people with the right skills and experience to excel in the job is vital …

These are sensible words from a sensible minister.

In conclusion, the coalition has many concerns regarding the impact of this bill on good governance, the giving of more power to the minister and the reduced focus on skills-based selection of board members for our TAFEs and universities. I acknowledge the work done in this area by our current shadow minister for training, skills and apprenticeships, Ms Steph Ryan, the member for Euroa in the Assembly, who consulted widely with TAFEs, universities and other key stakeholders. With that, I will conclude by reiterating the coalition's position: we will be opposing this bill.

Mr HERBERT (Minister for Training and Skills) — I thank everyone for their contributions to this debate, which is an important one. I am not going to do what I normally would do and point out the contradictions in what has been said, given that our training system, under the reforms of the previous government, has for the first time ever the worst satisfaction rating from students and employers in the entire country, not to mention the devastation of our TAFEs and the shambolic nature of the training sector. I will not go into that. I think it is pretty evident for everyone to see. I will not go into the details of the bill; they have been covered in my second-reading speech and by other members, particularly by Ms Tierney, whose contribution I thought was very detailed in terms of the nature of the bill, the rationale for it and what is in it.

In summing up I will, however, use the opportunity to go through some of the issues that have been raised. Mr Drum indicated there was a basic and fundamental difference between the ideology and the position of the coalition opposition and those of Labor, and that is absolutely true. There is no doubt about that. Those opposite have one viewpoint, and we have another. In a world where there are often similarities of viewpoints, this is an issue on which we are totally at odds with each other. I do dispute though Mr Drum's assertion that this legislation had something to do with paybacks to unions or to TAFE or university academics, or whoever it was. The absolute truth is that we on this side have been consistent since way back when the previous government brought in these measures to scrap student and staff representation and CEO representation on TAFE boards and universities on 14 November 2012.

I just want to reflect on what I said back then, just so we know that this is not something that has come out of the blue and that it has not been sprung on anyone in the chamber. I will reflect on what I said in the other chamber when the bill was brought in to scrap democratic principles in this state in terms of higher education.

Mrs Peulich interjected.

Mr HERBERT — As I said, I am happy to read it. I said — and I will read it verbatim:

> … we oppose the appalling lack of consultation on issues and policies germane to the running of this vital sector of our community and economy. We oppose the autocratic nature of the bill, which will turn around decades of democratic participation by the students and staff of our great universities. We oppose the ad hoc and poorly thought out decision-making that the government applies to the vocational education and training sector which continues to create turmoil for the students and staff of institutions. We oppose the jackboot approach in this bill that this deplorable government is using to silence dissent regarding the government's changes to TAFE.

I was not alone in putting that viewpoint. We have had confirmation that the Greens had the same view. But it was not just the political parties. The chancellor of Australia's premium no. 1 university, the University of Melbourne, spoke out bravely against a government that was intent on silencing dissent, when she said:

> … removal of these representatives was likely to disrupt the relationship of council to the university as a whole and inevitably cause resentment at staff and student levels, giving rise to tensions which do not currently exist.

So to say there had been good consultation is totally wrong. To say there was acceptance is totally wrong.

It was not just the chancellor of Melbourne University, not just the Greens and certainly not just the then Labor opposition who spoke out at that point. A letter from 230 respected academics was put in the newspaper. Remember that? They were not Labor Party members, not Greens party members and not National Tertiary Education Union members but highly respected academics who described the legislation at that time as:

> … a fundamental threat to the autonomy of universities and will destroy, overnight, the centuries-old constitutional tradition that protects universities from direction by the state and interference from commercial and sectional interests.

Let us put that in perspective.

Mrs Peulich — And how true was that?

Mr HERBERT — It was absolutely true. But it is more than that. I made it clear that we opposed it and that in government we would bring back representation. But it goes further than that. At the Victorian TAFE Association's conference in 2014, the then Leader of the Opposition, Daniel Andrews, the now Premier, outlined Labor's position and made it clear that we would make changes to the governance arrangements to give more independence, to put CEOs on boards and to restore democratic representation of teachers on those boards.

It was then in our election platform, and it was absolutely crystal clear policy. Let us be 100 per cent clear on this. If you believe in a mandate, if you believe in putting out your policy to the people of Victoria clearly and articulately over a period of time and you respect that mandate, you will recognise that if it has it on anything, Labor has a mandate on this bill.

However, I will go on to address some of the spurious points that have been made in this debate. The

opposition said that $1.2 billion was put in prior to Labor, when the coalition was in government, and that that amount remains the same now. That is not true. The current budget is well over $1.3 billion for training. It is about $1.36 billion, I believe. So there has been a real improvement, an increase, this year.

It was also asserted that consultation is not happening but that consultation had occurred under the previous government. That is simply not true. We all recall a number of chairs, particularly one, who found out they were being unilaterally sacked by the previous government because their TAFE college had been outspoken. When one of them was on the way to see the minister so that the minister could tell him he was being sacked, he heard it on the radio. There is consultation for you: when you are driving in, you find out you are being sacked because your TAFE has been too outspoken.

However, I do agree with those opposite, particularly Mr Drum, about Peter Hall, the former Minister for Higher Education and Skills. I do not blame him for the debacle of training in this state whatsoever. Clearly he was rolled by the cabinet. We all know that. We all know of the infamous letter that he wrote saying he felt like resigning. He was a good man, but he was rolled by the ideologues in the then Liberal coalition cabinet.

Honourable members interjecting.

Mr HERBERT — Everyone knows it. You do not like to hear it, but we know it is true. Ms Wooldridge was probably in that cabinet, and she would know about the debate better than I would.

We have heard that we are abandoning the skills basis, the skills matrix, of board appointments. The truth is we are not doing that. Nothing could be further from the truth. In fact what we are doing is adding to that skills matrix by putting representatives on the boards to reflect the institutions. So that we all know and are clear on this matter, so that we are clear about what absolute rubbish was spoken about us abandoning the skills matrix, I point out that this bill makes clear the skills that are required for both government-appointed and coopted members. There has to be management, finance, commerce or business law, corporate governance, vocational education and training expertise along with adult and community education and further education expertise. If it is a particular industry in which training is provided by the institute, particularly to a large degree, there must be industry representation. If it is a higher education board, higher education should be represented. In fact the skills matrix is being strengthened under this legislation, so the opposition's assertions are simply not true.

Let us go to the issue of CEOs voting. There has been a lot of shock and horror among those opposite about CEOs being back on the boards and being able to vote. If they are going to be on the board, of course they should vote; if they are going to be part of the board structure, of course they should. That is normal accountability. But let us be clear on this: like anything else, declaration of pecuniary interests occurs, and if it is about their salary, they will stand down and they will not be part of it.

More than that, here is the absolute rank hypocrisy in the debate we have just heard in this chamber. When the coalition brought in the 2012 legislation, it left vice-chancellors on university boards with voting rights. So it appears that for the opposition if you are a university vice-chancellor, the head of a university, you can be on a university council and vote, but if you are the head of a TAFE, some sort of second-class citizen, it is a disaster. If it is a CEO of a TAFE being on a board, how dare they vote! But for a university vice-chancellor, of course that is okay. What an absolute lot of rank nonsense.

Mr Ramsay — On a point of order, Acting President, Mr Herbert advised me when I was in the chair that he was going to take 1 minute to sum up. At 5 minutes and 36 seconds he is pontificating and debating. He is not summing up; he is engaging in debate.

The ACTING PRESIDENT (**Ms Patten**) — Order! That is not a point of order.

Mr HERBERT — I thank Mr Ramsay. The truth is that it is a very important bill, and I am happy to sum up for a bit longer on this one. The truth is that in the education sector the usual practice is for the heads of those institutions to be on the boards.

On the issue of elected representatives having a conflict of interest in regard to their capacity to be on a board, it is quite clear that we are substantially strengthening the requirements for training and education in board responsibilities, and they will be incorporated in the newly formed statutes and state constitutions as they are developed early next year. Not only is that requirement absolutely mandated but the representatives are also required under the government's new whole-of-government appointment guidelines and governance guidelines. More than that, the duty of confidentiality, which seems to be the great fear of those opposite, is mandated under the Education and

Training Reform Act 2006, the Public Administration Act 2004 and the Victorian Public Sector Commission directors code of conduct. Furthermore, if the duty of confidentiality is breached, then the boards, like any other board, can remove those members from those boards. That is another furphy we heard from members opposite on this issue.

On the issue raised by Ms Pennicuik from the Greens about why the government has not put students on TAFE boards, the truth of it is we looked at that. The nature of TAFEs is they have many short-term courses. Some of them last three months, some of them last longer; it is true, some diplomas last a year or more, and there are degrees. Many of the students are off campus learning in situ. There is a range of differentiations between different TAFEs. Given those particular circumstances the government thought at this point that there were probably better ways to engage with the TAFE student body to get its viewpoint. TAFEs are quite distinct from universities, which have start and finish times and students doing three, four, five or six-year courses there. It is as simple as that. It is a debatable point, but when it was all taken into account — who votes, who does not, when you do the elections — it became a complex thing when it comes to TAFE. I respect Ms Pennicuik's viewpoint on it. It is not an ideological decision; it is a practical decision.

In summing up, there is nothing strange, unusual or devious, as in reds under the bed or anything like that, with this legislation. What it does is bring our universities and our TAFES — our post-school institutions — in line with what happens in universities around Australia and around the world. The bill brings back democratic representation on their boards and councils, which is the norm across some of the most prestigious institutions right around the world. I am proud of this legislation. I know those opposite have a difference of opinion, but I commend the bill to the chamber.

Committee divided on motion:

Ayes, 24

Barber, Mr	Mikakos, Ms
Bourman, Mr	Mulino, Mr
Carling-Jenkins, Dr	Patten, Ms
Dalidakis, Mr	Pennicuik, Ms
Dunn, Ms	Pulford, Ms
Eideh, Mr	Purcell, Mr
Elasmar, Mr	Shing, Ms
Hartland, Ms	Somyurek, Mr (*Teller*)
Herbert, Mr	Springle, Ms
Jennings, Mr	Symes, Ms
Leane, Mr	Tierney, Ms
Melhem, Mr	Young, Mr (*Teller*)

Noes, 16

Atkinson, Mr	Lovell, Ms
Bath, Ms (*Teller*)	Morris, Mr
Crozier, Ms	O'Donohue, Mr
Dalla-Riva, Mr	Ondarchie, Mr
Davis, Mr	Peulich, Mrs
Drum, Mr	Ramsay, Mr
Finn, Mr	Rich-Phillips, Mr
Fitzherbert, Ms (*Teller*)	Wooldridge, Ms

Motion agreed to.

Read second time; by leave, proceeded to third reading.

Third reading

Motion agreed to.

Read third time.

DELIVERING VICTORIAN INFRASTRUCTURE (PORT OF MELBOURNE LEASE TRANSACTION) BILL 2015

Second reading

Debate resumed from 5 August; motion of Ms MIKAKOS (Minister for Families and Children).

Mr ONDARCHIE (Northern Metropolitan) — With the Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015 and the 70-year lease that the government looked to force on the people of Victoria, I have to say the SS Andrews has run aground on this and the Treasurer is clearly lost at sea.

It is generally accepted, although sometimes hotly contested, that the privatisation of public-owned enterprises will improve productivity, reduce costs, lower prices and raise incomes. When dealing with the transfer of a public monopoly to the private sector, economic gains are not guaranteed. Instead they depend on the transaction structure and economic regulation to protect against the use of monopoly power.

There is sometimes a conflict faced by governments when selling rights to monopoly assets. On the one hand governments can favour cash up-front by selling rights with limited restrictions on the use of monopoly power. This will of course come at the expense of economic wellbeing. On the other hand governments can favour the economic wellbeing of their constituency by selling rights with sufficient restrictions on the use of monopoly power. This will reduce the

proceeds of the sale. Let us be clear about Labor's motivations: it is all about getting the cash up-front at the expense of the people of Victoria.

Last year KPMG prepared a report for the coalition government that placed an upper limit value on a 40-year port lease of around $4.5 billion. Labor now reckons the price will be appreciably larger, indicating the lease could reap up to $7 billion to $8 billion. On the value of the port lease, the Premier has been quoted as saying:

> The previous government had a very low estimate. We never ever thought that was right, we didn't agree with that.

So how could the value of this port appreciate by $2.4 billion in one year? It is pretty simple — 10 years extra on the lease, a port monopoly guaranteed by compensation, exemption from commonwealth competition laws, unregulated terminal rents and no restriction on vertical integration. This is a snow job. The government is up Port Phillip creek without a paddle; make no mistake about that.

Prior to the election the now Premier, Daniel Andrews, promised Victorians that Labor would maintain the coalition's budget surplus of $9 billion over the forward estimates. In his first budget he slashed the surplus in half and hiked public sector wages up by 8 per cent, and already, in the first 12 months of this government, Labor is in deficit. One thing is clear about this port of Melbourne lease transaction: the government is desperate for cash. The issues that surround this legislation are things like sovereign risk, a second port being developed in Victoria, the environmental impact on Port Phillip Heads, rail to the port, rents, trucks around inner Melbourne and support for regional Victoria.

When it comes to the issue of sovereign risk, some of the things I want to put to the house tonight are not my words. They are the words of stakeholders — the business community, advisers, experts — all of whom provided evidence to the port of Melbourne lease inquiry. The question around sovereign risk was raised not by us but by a witness who talked about the sovereign risk of doing business with Victoria. Mr Brendan Lyon, the chief executive officer of Infrastructure Partnerships Australia, said:

> As each member of the committee is aware, Victoria has become associated with sovereign-type risks since the government's decision to terminate the contract for the east–west link. While this matter is awkward to raise in a cross-party committee, it is nonetheless very real and a material contextual issue to this transaction.

The investment community is worried about doing business with the Andrews government and worried about doing business with Daniel Andrews, because clearly this legislation is taking water and the government has no plan to keep it afloat. When it comes to the second port, this legislation denies Victoria a second port for 70 years in exchange for some sweetheart compensation refund deal that the government wants to do to maximise the price up-front and pass the debt liability to future generations.

What did Dr Ron Ben-David, the chair of the Essential Services Commission, say? He said, 'We would welcome a second competing port, because competition always makes the life of the regulator easier'. What did Rod Sims, chair of the Australian Competition and Consumer Commission, say? He said, 'We believe that competition, or the credible threat of competition, will drive better investment outcomes'. Clearly we would prefer to have no compensation regime; there is no doubt about that. This government wants to do a sweetheart deal with the investment community that says, 'We will block another port in Victoria for 70 years to give you monopoly power' on something that is such an important economic essential for this state.

When it comes to the second port, Mr Robert Coode, the executive president of the Australian Peak Shippers Association, said:

> The development of a second port in Victorian waters appears to have been pushed into the background. We see this as a dangerous notion because when the time comes — and it will — for a second deepwater port, the boat will have sailed …

Peter Tuohey, president of the Victorian Farmers Federation, told the committee:

> … you have got a 10 to 15-year time frame before a port will be built — certainly time for the current operators of the port to lock in their customers and look after themselves. We totally oppose that compensation.

This is not the opposition saying this; this is industry. This is the Victorian Farmers Federation.

When it comes to the issues around Port Phillip Heads, there has been some concern expressed. Mr Rod Nairn, the chief executive officer of Shipping Australia Limited, said:

> … you can potentially get a bigger ship in, but you cannot do it efficiently because you cannot just get it in and out when it arrives. You have got to wait or you have got to move it or you cannot load it fully with cargo or you cannot get it in if it has not got enough cargo. Because if it has not got enough cargo and the ship is not deep enough, it cannot get under the

> West Gate Bridge, but if it is really deep, then it hits the bottom of the Yarra River.

What is the government going to do? If it monopolises the port of Melbourne and puts a cap on any second port being built, how is it going to get these ships in? There can be only one logical answer: environmental vandalism. What do the people of Port Phillip say about that? What do the coastal communities right around our bay say about that? They are against it, but the government has no solution for this at all.

One of the other issues is the regulated rents that will be put in place through this legislation as it is proposed. What the government is saying is that it will sell the lease to the highest bidder and the bidder can decide what return they get from those assets. The stevedores have already had some experience of that. Mr Ian Ross, general manager, projects and risk at DP World Australia, said:

> Two years ago we would never have contemplated a 767 per cent increase as being plausible, and it has been.

Mr Paul Zalai, director of Freight and Trade Alliance, said:

> What has really concerned us is we are not just paranoid about this issue of fee increase. The fee increase that we saw from the Port of Melbourne Corporation and the government was alarming, let alone what a third-party leaseholder might do.

When it comes to rail to the port, there is nothing definitive in this bill which supports that last mile — the last mile that was talked about so deeply in the inquiry, that rail to the port — and getting the trucks off Francis Street and High Street in Yarraville and reducing the truck congestion. I see today that Daniel Andrews has announced an unfunded, unplanned road to be built somewhere, sometime in the future associated with the west — the western distributor or the West Gate Bridge. The government does not know what it is. It is something out there. It is not going to help this project. What does it say when it comes to rail to the port?

Mr Zoran Kostadinoski, the regional manager of Custom Brokers and Forwarders Council of Australia, said:

> We have a risk of losing our big importers and exporters from the port of Melbourne due to the lack of infrastructure.

And this legislation does nothing to address that. This is thought-bubble politics gone mad. The government is saying, 'We have got an idea. We are going to push it out to the marketplace. We are desperate for cash to fund our other commitments'. And the long-term economic viability and the long-term future of Victorians is going to suffer as a result. This is desalination plant mark 2, 'We have got an idea; we are going to go ahead with it and the cost can just stream out to future generations'. As we stand here today, Victorians have paid $1.8 million in interest charges on the desalination plant.

An honourable member — Just today!

Mr ONDARCHIE — Just today! And they do that every day, every day for the next 27 years. My children and my grandchildren will pay for that. And this is the same form they have with this bit of legislation. They are saying, 'Let's bring some up-front cash. Let's get our own immediacy dealt with and pass on that debt — that liability, that obligation — to future generations'. The Labor Party has got form on this.

When it comes to the environmental impact of getting those ships through, Chris Smyth, the acting executive director of the Victorian National Parks Association, said:

> In terms of blasting the heads or dredging the heads and so on, we have been very concerned about the impact of the channel dredging that took place down there some years ago. That did cause significant damage to the deepwater sponge community …

Coming back to rail to the port, Sam Tarascio, the managing director of Salta Properties, which has a project on the table — there was $58 million allocated by a combination of the federal government and the previous coalition government that is sitting there available to start this project but which has been scrapped by this government — said:

> That means currently there are 5500 trucks that visit the port each day, and if unabated, and with the projected growth, this could rise to over 30 000 trucks per day within the initial term of the proposed lease.

This mob is in trouble with this bit of legislation. We have tried through the inquiry to give them some signals about how they could solve this. Stakeholders and the business community have tried to offer the government a life jacket, but as Mr Drum knows, it will not take it. It will not take the opportunity to keep this project afloat because the government is absolutely bloody-minded about getting this through — getting the cash up-front. They say, 'It's not our problem, it is for future generations; let them pay for it'. I have to say, that is not good governance.

When it comes to regional Victoria, a miserly 3 per cent of the cost of this transaction will go to regional Victoria. Ninety-seven per cent will go to metropolitan Melbourne to fund things like the rural hamlet of

Mulgrave and bridges. And what did Peter Tuohey from the Victorian Farmers Federation say? He said:

> The decisions around city rail crossings are not a big winner for Victoria. The Treasurer has come to us and said, 'We're doing a fantastic job. We're going to take freight off the roads, we're going to fix all these rail crossings', and I said —

said Mr Tuohey —

> 'Sorry mate, I can't sell it. It's not a big winner'.

When Ken Wakefield, the managing director of Wakefield Transport, was told that the government was saying that 97 per cent of the proceeds were to be used in metropolitan Melbourne, he said:

> That is disgraceful.

When Cr Colin Ryan, the chairman of the Great South Coast Group, was asked how the region felt about 97 per cent going to Melbourne and only 3 per cent to the rest of Victoria, he said:

> The state government are entitled to do what they want. However, we feel cheated.

And when we asked the government officials about compensation and if there were any transaction documents to reflect the current government-preferred definition of 'state sponsored' ports for the future, the government representatives said:

> Government has not considered that definition.

Other comments have been made about things like first-loss buffer, such as:

> We have not had those discussions with government.
>
> It is still under consideration.

This is legislation and policy on the run. Even Kenneth Davidson from the *Age* said that this is a bad deal. He quoted Mr Drum through his article. He said that this was a bad deal because Mr Pallas just wanted to get this through as quickly as possible. The Department of Treasury and Finance said that in terms of the transaction documents, it is probably fair to say that they are still evolving documents.

Despite industry experts, despite Victoria University, despite the Victorian Transport Association and despite experts like Dr Hermione Parsons of the Institute for Supply Chain and Logistics from Victoria University all saying that we are going to need a second port sooner rather than later, the government has ignored this completely.

The government has fallen overboard in its haste to maximise the dollars at the expense of the economic value and future prosperity of Victoria. I do not know whether Mr Jennings, who is supporting this bill today, is the professor, the skipper or Gilligan, but quite frankly the SS *Andrews* has run aground on an uncharted desert isle, and those opposite have no clue how to fix it.

I have no problem with off-balance-sheet transactions, but this is not the deal for Victorians because it will hurt the economic prosperity and the future ambitions and jobs of Victorians. I oppose this bill in its current state.

Mr DRUM (Northern Victoria) — It is an interesting situation that we have here this evening. We spoke on the report that was delivered to Parliament this morning, and we are now back saying exactly the same thing again with this bill. Because the government's position has not changed, we can mention the main points again, which I will do very quickly. There are a raft of issues which are yet to be sorted out in relation to this transaction, starting with capacity. So many of the witnesses quoted in the report — I was just reading one of the graphs in the report — list the capacity of the current port at around 5.4 million, 5.3 million or 5.5 million 20-foot equivalent units, known as TEUs, but a very selective group tells us the capacity is more like 8 million TEUs. How did they arrive at the 8 million figure? They cannot tell us. They can only tell us that that is what they think it will be.

Mr Mulino — That is not true.

Mr DRUM — That is exactly true. It is of real concern that we have to leave everything up to the bidding process — what people will bid for the licence, what people will bid for the actual port itself, what level they will set capacity at. What strategy will be put in place to build a port somewhere else is going to be left up to another group, Infrastructure Victoria or Infrastructure Australia. What provision is this government going to make for a future port? Absolutely none. The bill we are now debating is likely to change dramatically in the next couple of days when the government comes to the committee stage. That creates a bit of a sense of folly as to why we are even going through this stage of the debate.

The fact that the government put this 'delivering Victorian infrastructure' phrase into the title of the bill shows it wants to run a press release now with the heading of its bill. This is a very serious issue, and I spent a large part of this morning talking about the importance of the port in relation to everyday life for everyday Victorians. It is an absolutely critical piece of infrastructure; it is a critical asset that affects every

Victorian every day of their lives, not just in terms of creating the ability for us to live in a prosperous state when it comes to exporting but also enabling us to live in a demand-driven commodity state. People in this state love to spend money; they love to have assets around their houses. And the vast majority of the commodities that we use every day are brought in through the port as imports in one form or another.

I am not going to repeat the words of all of the witnesses who gave evidence condemning this bill and the way it was presented, as Mr Ondarchie has done, but it certainly made interesting listening when Mr Ondarchie was quoting witness after witness after witness. Many of these people have had lifelong careers in the maritime or port industries, and here they are asking how the government can get it so blatantly wrong.

We have unknown issues around capacity. We have unknown issues around the port. We are expecting to sign a 50 to 70-year lease when we have no idea of the trends that are likely to impact upon the ports in Melbourne in the next 50 to 70 years. We have no idea of the size or the frequency of the ships. We have no idea of what this government or the lessee intend to do about rail to the dockside, something that has been quite successful in Sydney. But this government is going forward without any concrete plan for running rail to the docks.

We are already seriously constrained by dock quayside metreage. We are seriously constrained by draught depths at the heads of Port Phillip Bay and the Yarra River. If the government wishes to do something with Bay West, the amount of dredging needed will make what currently takes place look absolutely minute. But the government does not seem too concerned about having to dredge considerably more to get the depth it needs for future ships in Bay West, if that is what it intends to do.

The issue that has been totally overlooked by this government is that the proceeds of this transaction will be spent almost entirely in Melbourne. I mentioned this this morning when we spoke about the report; however, I cannot believe that a government could possibly have been so blind and so stupid as to devise a plan where it would sell off one of its most precious assets, an asset that both is fed by and delivers to regional Victoria to the tune of roughly 50-50 — with slightly more exports and slightly less imports emanating from and to the regions. However, to think that it could get away with spending the proceeds almost entirely in Melbourne is a mistake that only a Labor government could make.

The Andrews government has been pulled up and had the facts pointed out to it, and for it to then turn around and, as an answer to this embarrassing situation, throw less than 3 per cent of the proceeds to regional Victoria is mind-bogglingly stupid and arrogant in the extreme. The fact that it has still not realised what it has done and is maintaining the line that 97 per cent will go into metropolitan Melbourne beggars belief. It beggars belief that the government is sticking to this line.

Until the government comes back with a range of amendments to vary the port licence fee, it is taking an $80 million asset that grows each year away from future governments. That is over and above the cost of leasing the port. It is going to wrap up an $80 million asset which is likely to be heavily discounted, so the government might be paid for the first 15 years and then it will discount the remaining 55 years. This does not make good sense. We have a situation where there is no rail program to go forward with and no provision for any sort of growth in the size of ships.

The government is not doing anything to alleviate the congestion in and around the City of Maribyrnong. I am not quite sure how it plans to work with the schools, the childcare centres and the congestion in the residential areas. It talks about the number of trucks — around 3500 a day — that are tied specifically to the port. It is quite incredible that this number of trucks use smaller suburban streets to access the port and find their way to the various distribution centres.

I will leave it there. We have in our hands an incredibly important part of our future. There is a whole range of issues we need to address. The coalition starts from a position where it does not oppose the lease of the port — it has been strong in that view — but it does oppose this bill because it is a horrible deal with a horrible set of provisions that are set around the concept of privatising the port of Melbourne. When you look at the way it has been cobbled together and the inability of Treasury and Finance, the inability of all of the advisers — financial advisers and asset sale advisers — and the inability of that whole group to answer any of the relevant questions that were put to them predominantly by Mr Rich-Phillips, who did an amazing job as chair of the inquiry, it is staggering. The government and its representatives simply sat there and kept giving the same answer, which was, ‘We’ll sort that issue out in the bidding process, and we’ll tell you how it’s all going to work after the event’.

There is every chance that the winner of this bidding contest for the port lease is going to set an incredibly high capacity at the port of Melbourne, a capacity that in every practical manner it will be unable to reach, and

therefore it will have an ongoing trigger for compensation when ultimately a government of the day, with no money left in the kitty, is going to be forced to invest with borrowed money in a port somewhere else. That is not even accounting for the fact that we have probably already seen the current port of Melbourne getting much closer towards its use-by date than the sheer capacity numbers suggest. Just because it has actual capacity in it, it does not mean that all the other associated issues are not already telling us that this port is getting very close to its use-by date.

We start from a position where we do not oppose the lease of the port of Melbourne, but certainly at the moment we are in a position where the government has failed to come back with any changes to the existing legislation, and it is incredibly hard for us to go forward as it stands.

Ms CROZIER (Southern Metropolitan) — I am pleased to rise this evening to speak to the government's legislation, the Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015. I am handling this bill, and it is 151 pages long. It is a significant piece of legislation. As agreed by the government, an inquiry looking into this legislation was undertaken. As noted by members of the committee that conducted the inquiry into the proposed lease of the port of Melbourne, the report tabled today has highlighted evidence received by that committee. Members of the committee have spoken both to the report and to the legislation. Issues were raised, and I want to go to those in more detail, but what I would say is that this is a house of review and it is our role to review legislation. The process that has been undertaken, with the committee conducting an inquiry into this legislation, is exactly what this Parliament needed to do, and now what we are doing this evening in debating the bill and looking at the report and what is in the report is exactly what we as legislators need to be doing.

We need to be doing it in relation to this bill in particular because the port is a significant asset for Victoria. It is a very important piece of infrastructure. It is in my electorate of Southern Metropolitan Region, so I have a number of concerns in relation to many issues that I have had a chance to note in the report tabled today, that were raised throughout the inquiry process.

I commend the committee, particularly the chair, Mr Rich-Phillips, and all the members who have contributed to the process and who have spoken on it. I note that there are various views, but many views held by committee members accorded with the evidence that was received, and that is really significant. We have heard from members about the number of hearings the committee held on this inquiry and about the number of submissions received from stakeholders right across the state. It was most important that those views were heard and considered in this inquiry, and they were.

I go now to some of the points in relation to the port which have been highlighted by other speakers. The ones I want to speak about in the time I have this evening are around the capacity issues. The port of Melbourne is a significant piece of infrastructure. It is the largest container port in the Southern Hemisphere, and according to the report, it currently has a throughput of 2.5 million 20-foot equivalent units (TEUs) per year. Its overall capacity is expected to increase to around 5.5 million TEUs once the port capacity project is completed. The port's ultimate capacity ranges from 5 million to 8 million TEUs. The report says:

> This uncertainty reinforces the need to maintain maximum flexibility for planning and providing future port capacity after the proposed lease —

and the need for planning for a second container port. The need for that second port has come out in various bits of evidence from some of the witnesses who appeared before the inquiry. I quote from a transcript of the evidence given by Mr Robert Coode, executive president of the Australian Peak Shippers Association:

> The development of a second port in Victorian waters appears to have been pushed into the background. We see this as a dangerous notion because when the time comes — and it will — for a second deepwater port, the boat will have sailed …

What I find so frustrating in this debate is that we constantly hear — and have heard all year — this government saying, 'We deliver on our election commitments. We say what we will do, and we deliver'. Before the election those opposite said they were going to build a second port, and it was Bay West. That was something they took to the election. They spoke about Bay West, and they have pulled. That is either disingenuous or rather unparliamentary, if I can use that term, Acting President; they are not telling the full truth.

We have seen various aspects of this government in so many areas, and this is another demonstration of this government doing one thing and saying another. The evidence that was received from stakeholders and interested parties who came before the inquiry indicated that they have great concerns about the lack of a second port. It is clearly needed. If members look to the northern states, they will see that New South Wales has been planning, it has been developing and it has

enacted legislation to improve the port of Botany. It underwent a major expansion just recently. New South Wales has a number of operating ports. If we are not careful, New South Wales will take trade from this state, and that will not be in the interests of all Victorians in relation to export and import opportunities.

Various industry groups, various regulators, logistics experts, environmental groups and councils are all stakeholders that had some input into this inquiry. I know there are a number of councils along the bayside areas within my electorate of Southern Metropolitan Region that are very concerned about the environmental impacts of increasing the number of ships going in and out of the port. They are concerned about the potential for — —

Ms Shing — No blasting.

Ms CROZIER — The member says, 'No blasting', but what about dredging or environmental impacts after — —

Ms Shing — Maintenance dredging; look at the environmental impacts.

Ms CROZIER — The environmental impacts from dredging from the previous government have raised concerns — —

Honourable members interjecting.

The ACTING PRESIDENT (Mr Finn) — Order! There seems to be a conversation going on across the chamber. I do not know whether those members would like to include me in it, but it would be really nice if they would give some consideration to that. I suggest to Ms Shing that if she wishes to contribute to the debate, her name should go on the list.

Ms CROZIER — As I said, Acting President, there are concerns from a number of councils in my electorate of Southern Metropolitan Region and, as you and others have indicated, from councils right around the bay about the environmental impacts of an increase in shipping transportation through the bay.

As previous speakers have said, it is 2015. Ships are getting larger; we do not know what their full capacity will be in 20 or 30 years time, which is where this proposal takes us to. We are talking about a monopolised position — a 50-year lease plus another 20 years. That is 70 years. We do not know what ships will be like, what the technology will be like or how they will be conducting their business and transporting goods around the globe, so it is absolutely extraordinary for this government not to factor in the need for a second port. That has been highlighted by many stakeholders. It is clearly an issue.

I have other very concerned constituents in my area of Southern Metropolitan Region who speak to me constantly about the number of large truck deliveries to the port of Melbourne. According to VicRoads there are something like 400 000 truck deliveries to the port of Melbourne each year. Within 10 years that will be around 2 million. These are significant truck movements that this government has not taken into consideration.

As Mr Ondarchie highlighted in his contribution, $58 million is on the table for a rail link project to go ahead in order to get those trucks off our roads, to have safer streets in our suburbs and to maintain our amenity around the bayside suburbs. This is a really important part of Melbourne. We have fabulous amenity in Port Phillip. We all enjoy it. The millions of visitors who go to the beach and use the bay on a regular basis could potentially be jeopardised by having one large port with an increasing capacity in order to keep up with the demand over the next 70-odd years. It is short sighted to say the least; it is extraordinary.

As the Treasurer admitted in his second-reading speech in relation to up-front proceeds:

> Most importantly, the lease proceeds being paid up-front means we can remove our 50 worst level crossings …

That is what this is all about. The government just wants to push this legislation through the house by stealth — —

Ms Shing interjected.

Ms CROZIER — You want it concluded. We want to have a look at the report, and so do the stakeholders. They have every right to have a look at this report. This is legislation by stealth. This is just about the removal of the 50 level crossings. This all about your political positioning. You are not considering the rural and regional aspects. I have friends currently, Ms Shing, who are sitting on headers wanting to get their grain out of this country. The regional areas of Victoria know only too well the importance of having appropriate commercial operations, and you are not allowing development for this state in future years; all you are doing is lumbering this state with an increase in debt and God knows what, with just one port — —

Ms Shing — You took it to the election yourselves!

Ms CROZIER — Not a monopolised port, not this bill. That is the difference between your side of politics and ours — —

The ACTING PRESIDENT (**Mr Finn**) — Order! I have requested that both Ms Crozier and Ms Shing respect the Chair in that their comments should be directed through the Chair and that they should cease interjecting. I ask both members to show some respect with regard to those requests.

Ms CROZIER — I apologise, Acting President. As I was saying, the opposition does not oppose the lease of the port of Melbourne, but it actually had a plan to expand the capacity for doing business in this state, and that was to have a second port. The port of Hastings was part of our plan. This government is having a monopolised position. This piece of legislation we are debating tonight, these 151 pages and this report that has highlighted so many issues — and I have not had time to go through them all — are what we are debating this evening. That is why this piece of legislation the government is trying to push through by stealth is not a good piece of legislation for Victorians or for future Victorians. Let us not forget that this will be a decision made by this Parliament that will have ramifications for years to come.

We need to get this right. It is far too important a piece of infrastructure and asset to make a huge mistake on, and as we know, Labor governments are notorious for having major project mishaps. We saw it with so many projects when Labor was formerly in government. I am not going to go through them all, but the legacy of the desalination plant, which has been previously mentioned, is one that we are paying for each and every day. It is very important that we get this right — that, if we are going to lease the port of Melbourne, we scrutinise this legislation appropriately and that this committee's work be looked at and those issues addressed. If those issues are not addressed, then the opposition has every right to put its case and ensure that, if the bill does get through the Parliament, it gets through the Parliament with a better outcome for all Victorians.

With those words I will conclude my remarks. There is much more I would like to say on the report, and I will have that opportunity tomorrow, but many concerns have been raised by the committee. I commend it again for the work it has undertaken on behalf of all Victorians to ensure that this legislation we are debating this evening is appropriate.

Mr RAMSAY (Western Victoria) — I am pleased to be able to make a contribution to the debate on this bill. I have a strong affinity for the port of Melbourne; in a past life I was supporting its activities in allowing greater capacity ships into port through the channel deepening, and I also stood side by side with Chris Corrigan and Donald McGauchie during the strikes down at the port, for those who can remember those times. The result of that activity was that the productivity of the port of Melbourne increased by 30 per cent through some significant changes the stevedores made in relation to work practices on the waterfront.

Honourable members interjecting.

Mr RAMSAY — It is a bit hard to speak if Ms Shing is going to have a continuing conversation with Ms Crozier while I am trying to make my contribution. Acting President, you might want to ask Ms Shing to desist from conversation across the chamber.

The ACTING PRESIDENT (**Mr Elasmar**) — Order!

Mr RAMSAY — This is an important asset for Victoria. It is the largest container port in Australia. It traded around $92 billion in the 2013–14 year, and much of that was agricultural produce. A lot of grain and a lot of dairy product goes through the port, and certainly the agricultural industry provides significant licence fees and stevedore fees to the port for the export of its foodstuffs, so we in agriculture as farmers play a significant role in the profitability of the port. Thereby regional Victoria would expect to get a significant return on that investment through funding of significant infrastructure in regional Victoria from the sale or lease of the port — certainly significantly more than the $200 million that was mooted by the Victorian government as a potential regional Victoria infrastructure spend from a proposed sale or lease worth potentially $6 billion to $8 billion.

That is a totally unacceptable return on investment for regional Victoria, given its high usage of the port and its need for significant infrastructure investment by the Andrews government from the sale of this port lease. I would suggest that nothing less than $3 billion in investment from the sale of the port lease would be expected by communities in regional Victoria. There is a significant amount of investment work to be done.

Other issues have been covered in the excellent contributions of the lead speaker, Gordon Rich-Phillips, Craig Ondarchie and Damian Drum. Those three made particularly significant and extensive contributions on this bill identifying some of the concerns of the

opposition in relation to some of the detail of this bill — not so much logistical and regulatory detail but its commercial aspects. We have a right to be concerned because there is not much detail, and I understand negotiations are ongoing as to the final form of this bill in terms of amendments that will come before this house.

I am concerned about the port licence fee (PLF). An up-front PLF will not really acknowledge the further contributions of investment and costs of running the port into future years. It lets the successful lessee off the hook in relation to potential increases in capital gains and the financial activity of the port in future years. It does not make good commercial sense to allow within the agreement an up-front PLF on a commercial basis. I do not think it will provide Victoria with the best outcome.

We know the port of Melbourne is even now not best placed as a port in Victoria. There is congestion around the port precinct, and that is going to increase, despite the feeble attempts of the Andrews government to provide some west–east connection. As we know, today the government has committed to the unbudgeted thought bubble of the western distributor. We have swaggered from the east–west link to a West Gate distributor to a western distributor, and now we have something that apparently Transurban is going to fully fund. No doubt there will be tolls for all the motorists who use the proposed western distributor to CityLink for the next 30 years. I encourage anyone who has got spare money to buy Transurban shares, because they are going to be rolling in the green stuff at the expense of the Victorian taxpayer over the next 30 or 40 years, or however long the extensions of this shoddy deal will last.

The real concern for me on the western side is the fact that the Andrews government promised Bay West. It has done a total backflip. It has done more backflips than Frank Beaurepaire back in the 1930s and 1940s. It has scrapped Bay West. It is proposing a lease that will tie up the port of Melbourne for 70 years without any competition, with compensation clauses that will not allow an option for a second port.

Ms Shing interjected.

Mr RAMSAY — It promised Bay West to the Geelong community. In fact the minister came down to Geelong and stared into the eyes of the people of Geelong, members of the Committee for Geelong and members of the Geelong Chamber of Commerce and said, 'We are going to build you a Bay West'. In this agreement Bay West will not happen for 70 years. Those opposite are denying people in the west the opportunity of a second port in an area where there is road, rail, air and sea. It is the only region in Australia I know of that provides all the important infrastructure points for a successful port.

Labor also supported the port of Hastings. The Treasurer is on record as saying he supported that as a preferred second port about eight years ago. We have seen a backflip from Hastings to Bay West and from Bay West to the port of Melbourne. Those opposite know in their hearts that we need a second port, and we will need it in the next 10 to 20 years, not 70 years.

Now government members will draw the whole of the city of Melbourne, including the CBD — shut it down — around the port of Melbourne and congest the whole area because they refuse to support a $58 million port rail project, to use the rail rather than the road, which has already been budgeted for and paid for through budget estimates. Government members still want to encourage greater road use from the west side or the east side to the port of Melbourne, which just does not make sense.

In summary — to allow Mr Finn time for a contribution, because I know he is champing at the bit to make a contribution — this agreement does not make sense. It does not make sense from a policy point of view, a commercial point of view, an economic point of view or even a social point of view. Under this proposed agreement the supposed social advocates of Victoria now want to congest the whole CBD into a series of traffic gridlocks without allowing options for moving some of that congestion away from the CBD and the outlying precincts of the port of Melbourne, either to Hastings or to Bay West, two options for the potential site of a second port.

The Andrews government is still not able to move traffic freely from the west to the east. It has done a sort of half-arsed, half-baked model of an east–west link, to which, as I understand it, the government is contributing only a small part of the cost of that project.

Mr Leane — On a point of order, Acting President, I do not know how to put this as a point of order, but I am not too sure that the word 'arse' is parliamentary. I would like a ruling on that.

Mr Ondarchie — On the point of order, Acting President, I am sitting closer to Mr Ramsay than Mr Leane is. I thought he said 'half-half', actually.

The ACTING PRESIDENT (**Mr Elasmar**) — Order! I will accept that, and I ask Mr Ramsay to continue.

Mr RAMSAY — I will get back to the serious issues. One is that this is not good commercial policy. It is a bad bill, it is bad for business, it is bad for communities, it does not allow for a second port option and it will congest the precincts of Melbourne. The up-front port licence fee (PLF) makes bad commercial sense. If you ask any businessperson, banker or anyone who has any understanding, skill and knowledge of financial matters, they will tell you they know this will be bad for Victorian taxpayers.

We have heard no commitment from the government in relation to sale proceeds going into regional Victoria, except that some $200 million might go to the Department of Environment, Land, Water and Planning, which I assume is part of the Rural Finance proceeds that are already in the bank, so to speak. There is absolutely no commitment from the Andrews government in relation to regional Victoria, and the government has provided no real infrastructure to allow greater activity and access in and out of the port if this lease were to go ahead, even under a 50-year lease, as proposed.

As I understand it, there is a 20-year clause that allows the successful lessee to negotiate a further term. We have to talk about 70 years on the basis that the lessee most likely will take up the offer. Having a no-competition, compensation clause, an up-front PLF, no second port option as well as no road or rail infrastructure is — —

Mr Ondarchie interjected.

Mr RAMSAY — Yes, it is bad for business — thanks, Mr Ondarchie. Members of the opposition would not support such a ridiculous, half-baked scheme. Did I say 'half-arsed' last time, Mr Finn?

Mr Finn — You did.

Mr RAMSAY — Yes, a half-arsed scheme.

The ACTING PRESIDENT (**Mr Elasmar**) — Order! On the point of order Mr Leane raised earlier, if it was said, it is unparliamentary, but I will let it go at this stage.

Mr FINN (Western Metropolitan) — I am, and have been for a very long time, a great supporter of privatisation. I recall going to Liberal Party state councils back in the 1980s where I proposed motions in support of privatisation and was browbeaten and knocked around by those who said we should not privatise and that we should keep things in public hands. So it gives me some significant satisfaction to come to this house today and see that even a Socialist Left Premier can see value in semiprivatisation.

Mr Ondarchie interjected.

Mr FINN — As this sceptre is made indeed, as Mr Ondarchie points out. Even the most ideologically driven Premier that this state has ever seen can see value in leasing a public utility as he is attempting to do here with the port of Melbourne.

The only problem is that the Premier does not quite get what privatisation is really all about, because privatisation is all about competition. It is all about allowing people to get into the marketplace and compete with each other. A monopoly, as the government is proposing, is not going to serve anybody's purposes. It is a failure of a scheme even before it begins.

In recent times we had an excellent proposal, I thought, put forward by the coalition government for a deep bay port down at Hastings. Even the Labor Party, in the lead-up to the last election a little over 12 months ago — how quickly it forgets — was proposing Bay West as a location for a second container port. Members of the Labor Party proposed to the people of Victoria, 'If you vote for us to be the government of Victoria, we will build Bay West'. They said it to the people of Geelong and to the people of the west of Melbourne, and of course that has now been turfed out the window. That is something that cannot be reiterated more strongly.

Members of the government say they went to the electorate and they got a mandate. They did not get a mandate. If they came in here today and said, 'This legislation will allow the lease of the port of Melbourne and we will build Bay West', then yes, they would most certainly have a mandate, but they do not because they lied. There is one thing that we have come to expect from Labor governments the world over, be they state, federal or territory, and that is that they will lie through the teeth on every occasion, and they will do it shamelessly. They will do it without consideration for what is right in any given discussion.

I come to this debate with a parochial point of view. I have deep concerns about this legislation's impact on the western suburbs of Melbourne, particularly the inner western suburbs such as Yarraville and Seddon that have been subjected to heavy traffic flows for many long years. One only has to visit Francis Street in Yarraville to see the impact that the people around that area have had to live with for a very long time. The extraordinary thing is that if the east–west link had gone

ahead, their problems would have ended. The heavy vehicles driving through Yarraville, Seddon and Footscray would have been taken off those streets.

But under this scheme we have a situation which is quite extraordinary given that the people of those areas vote Labor so strongly and so regularly. You would think that this government would give them some consideration, but not on your nelly! Zilch, zero, nothing! What the government is in fact proposing is a scheme whereby there will be more traffic on the roads of the inner west. There will be more trucks and bigger trucks on the roads of the inner west. How does the government live with itself when it treats its own people in this way?

It regards the western suburbs as its own, and then it treats these people — its own supporters — with total and absolute contempt. I have no idea how members of this government sleep at night, having done that to these people. I certainly would not be able to if I had done that.

We had today, I understand, some sort of announcement by the Premier —

Ms Crozier interjected.

Mr FINN — The western diversion, as I have often described it, Ms Crozier — spot on the money — but they call this the western distributor. I have had the opportunity in recent weeks to ask the chairman of Transurban — which I understand is right into this up beyond its neck — exactly what is going to happen with this so-called western distributor. He has given me some suggestions as to what he would like to see happen, but he said ultimately it is up to the government to decide. What those of us in the western suburbs would like to know is what exactly is going to happen here? If the government is going to go ahead with this project, supposedly in conjunction with the — —

Ms Crozier interjected.

Mr FINN — 'Where are they going to get the money from?', is an extraordinarily good question, Ms Crozier, but as you and I know, that is not something the Labor Party has ever cared about. The Labor Party does not give a stuff where it gets the money from, as long as it can move it along to the next crowd. Labor members will just say, 'There's a whopping great debt there that's going up by the second. We'll just leave that sitting in the corner until the Liberals get in, and they can fix that up'.

We have this extraordinary situation here in Victoria where the Labor government has spent close to $1 billion stopping a road which would have removed the traffic from Yarraville, Seddon and Footscray, and now it wants to build the world's most expensive T-intersection. It is just extraordinary. Anybody looking from outside must think Victoria has gone stark raving mad, and I have to say, looking at this government, they may well be correct.

None of this makes any sense, unless of course, as Mr Ramsay alluded to, you are a shareholder in Transurban, because if you were a Transurban shareholder, tonight you would have the Moet out. You would think this is a great night for you, your family and probably your grandkids as well. You would be paraphrasing Kerry Packer by saying, 'You only get one Daniel Andrews in your life, and I've just got mine'. You would be celebrating the fact that the Premier of Victoria is a mug and is so desperate for any project that he has gone along with this thing that Transurban is going to make an absolute killing on. Guess who is going to be paying? The people of Victoria. Whenever Labor stuffs up, who picks up the tab? The people of Victoria. That is something we have come to accept as the norm over decades.

We then come to the port itself and the handing over of the lease to a private company for the next 70 years. The company will need to do significant dredging, and it will need to blast the heads significantly. We are talking about a — —

Ms Crozier interjected.

Mr FINN — The environmental impacts are huge, Ms Crozier. We are talking about trying to look into the future, to 2085. I would suggest that in 2085 there will not be too many of us left on this earth — maybe under it but certainly not on it. For this government to try to predict what Victoria and Melbourne will need in 2085 is, as I said earlier, some sort of raging insanity. It is just a nonsense. Not even somebody with a crystal ball as big as the one the Treasurer, Tim Pallas, has would be able to see what will be happening in 70 years. It comes back to those environmental impacts I was discussing. What will happen to Altona beach and Williamstown beach in my electorate? What will happen to the marina at Point Cook or Werribee South?

Mr Ondarchie interjected.

Mr FINN — It may not be there for long, Mr Ondarchie, because if this government gets its way we may well have a situation — it is not giving any guarantees either way — where there will be significant

explosive work at the Heads and significant dredging, which will have huge environmental impacts on our bay, our beaches and our bayside suburbs. That is something that this government just refuses to talk about. It just will not talk about it, and it has to. You cannot come to this Parliament with a proposal which potentially has such a dire impact and just refuse to talk about it. You cannot do that, but that is exactly what the government is trying to do tonight.

It goes back, I suppose, to the Labor Party saying to us, 'Trust us'. I am a very trusting person, as members on this side of the house will know, but I am never going to trust members of the Labor Party when they tell us, 'Trust us'. Just have a look at their record over generations. As I have said in this house before, if there is one thing that the Labor Party absolutely excels at, it is stuffing things up, and the bigger the project the bigger the stuff-up. You just have to have a look at the desal plant on the flood plain in Wonthaggi. I think they are calling it Steve Bracks Centre. That is a classic example of the sort of thing I am talking about. If it cannot build a desal plant, would you really trust this mob with deciding the future of our port for the next 70 years? I do not think so.

The regional rail link is another classic example. We built the thing. The Liberal Party and The Nationals built the thing. We raised a good deal of the money so the thing could go ahead after Julia Gillard cut the funding, and we finally got the thing. We built the thing. All the Labor Party had to do was to get the timetable right and print it. That is all it had to do. What did it do? It stuffed it up. If a government cannot print a timetable, how could anybody trust it with the sale or the lease of the port of Melbourne?

Ms Crozier — A major asset.

Mr FINN — A major asset, as Ms Crozier points out.

Daniel Andrews, I think it is pretty clear to most people, is no Tom Cruise, but at the moment all we are hearing from him is 'Show me the money'. That is all he is saying. Was that show about Eddie or Frank McGuire — or it might have been Jerry; I am not sure. It was one of those. 'Show me the money', the Premier says, and that is what all of this is about. He does not care what he has to do as long as he gets the money. He wants the billions so that he can blow it in the way that only a Labor Premier can.

It is, from my perspective, a major concern. It is something that my great-grandchildren are going to have to live with. We are deciding here tonight something that my great-grandchildren are going to have to deal with. This is not something that is going to go away tomorrow or next week; this is 70 years in the future. I ask the house to give this bill the most serious consideration.

Business interrupted pursuant to standing orders.

ADJOURNMENT

The ACTING PRESIDENT (**Mr Elasmar**) — Order! The question is:

That the house do now adjourn.

Goulburn Valley Health

Ms LOVELL (Northern Victoria) — My adjournment matter is for the Minister for Health, and it is in regard to renal dialysis services at Goulburn Valley Health, which continue to struggle to meet ever-increasing demand. My request of the minister is that she immediately commit her government to funding the redevelopment and expansion of Goulburn Valley Health's Shepparton campus in the 2016–17 state budget and that expanded renal dialysis services are included as a priority component within the redevelopment.

Earlier this year my office was contacted by a constituent who raised with us serious concerns regarding the limited hospital-based dialysis services available at Goulburn Valley Health. At the time the hospital was operating two hospital-based sessions six days per week. A home-based dialysis service is also delivered to those for whom it is appropriate.

I raised this issue with the minister in May, and shortly thereafter the hospital introduced an additional evening session to increase the capacity for dialysis at Goulburn Valley Health. However, while expectations were that the waiting list for dialysis at Goulburn Valley Health, which sat at 24 prior to the introduction of the evening session in July, would decrease due to the extra session, what we have actually seen is a dramatic increase in demand and the waiting list blow out to 32 people.

There seems to be an emerging theme when it comes to patients being treated at Goulburn Valley Health. Under this Labor government wait times continue to increase and waiting lists continue to get longer. This is just further unavoidable evidence of the urgent need for the redevelopment and expansion of Goulburn Valley Health, and the minister and her government cannot continue to ignore it. The state government must urgently commit funding to increase dialysis services at the hospital. The number of dialysis chairs at the

hospital remains at 7 and needs to increase to 16 to meet current and forecast demand.

Dialysis requires 4 to 5-hour sessions a minimum of three times per week, which creates a significant burden for those who are asked to travel to attend dialysis services in Kyabram, Benalla, Seymour or Melbourne. Goulburn Valley Health services a catchment of more than 250 000 residents. It is a major regional hospital and should be equipped to provide for current and future service demands. It is a disgrace that the minister considers it appropriate for country Victorians to travel significant distances to access the health services they need. This travel adds to the stress on both the patients and their families, particularly for those who need services as regularly as dialysis requires.

I am informed that the draft master plan did not provide for the expansion of dialysis until stage 4 or 5. It is obvious that dialysis must be given a much higher priority and should be included as an additional component of stage 1. The longer the government drags out the redevelopment of our hospital the more complex it is going to be as more services come under pressure and need to be prioritised. It is obvious that the redevelopment of Goulburn Valley Health cannot be delayed any longer. An early announcement for funding in the 2016–17 budget should be made to provide certainty and allow the design process to begin.

The PRESIDENT — Order! The member was dangerously close to reading a set speech.

Glenormiston College site

Mr PURCELL (Western Victoria) — The matter I raise tonight is for the Minister for Training and Skills. I acknowledge Mr Herbert for his visit to western Victoria last week. It was very welcome, as was the announcement of a new expression of interest process for the future of the historic Glenormiston homestead. The expression of interest will be open to international and domestic operators. The site at Glenormiston has been vacant for the past two years, and it was on the excess asset list of the previous government. It has a long history of education in agriculture that must be continued.

I am confident that there will be a good result from this process. I have personally been approached by a number of people who would be interested in potentially using this asset. Already the local newspaper has reported that a new community proposal called Plate 2 Paddock could offer a study camp for city children to gain an understanding of where their food comes from and of country life. It would also give them the opportunity to see how agricultural businesses and farms, including dairy farms, work. The expression of interest says the site can be used for a number of purposes beyond school camps and dairy farms, including for veterinary and other agricultural purposes. The process is open for 100 days from 7 December and will be widely advertised throughout Australia and overseas. I look forward to seeing the far-ranging ideas that will come out of this proposal, which will see a combination of agricultural and educational uses. I urge the minister to consider carefully the best possible use for the site and give the successful proposal or group of proposals his support so this will continue to be a thriving educational institution in our region for many years to come.

Labour hire industry

Mr MELHEM (Western Metropolitan) — My adjournment matter is directed to my colleague the Minister for Industrial Relations, who is also the Minister for Local Government and Minister for Aboriginal Affairs, the Honourable Natalie Hutchins. I note that the insecure work inquiry is well underway and that the committee has begun touring in regional Victoria.

Insecurity of work is an enormously important issue for the people of my electorate of Western Metropolitan Region. The western suburbs of Melbourne have historically faced higher levels of unemployment, underemployment and socioeconomic disadvantage than the state average. Having been a traditional site of heavy manufacturing for much of Victoria's history, Melbourne's west is also a region that is more vulnerable to the downsides of the economic transition that is currently underway, especially since the opening up of the economy and the important reforms of the 1980s and 1990s, which put a lot of stress on people and families in the western suburbs. Not having full employment puts on a lot of pressure and undermines the ability of people to try to get a mortgage or raise a family, for example, so it is a very important issue for my electorate. We need to look at ways for people to find full employment, and I commend the government on its inquiry.

The action I seek is that the minister provide an update on how Melbourne's west can engage with the inquiry. I invite the minister to meet with local community members and with me to discuss their experiences with insecure work so they can contribute to the inquiry. I look forward to a response from the minister.

V/Line wi-fi provision

Mr MORRIS (Western Victoria) — My adjournment matter is for the attention of the Minister for Small Business, Innovation and Trade. On 30 November the minister responsible for innovation came to Ballarat to make an announcement. I have been in this place for just shy of a year, but it is my understanding that when a minister comes to town to make an announcement it is normally positive in nature and will actually benefit the community that it will impact upon.

But it seems that Mr Dalidakis has been to the school of delivering disappointment and dysfunction to communities of the Minister for Public Transport, Ms Allan. She came to Ballarat to announce that she would not be doing anything to fix the timetable that she had wrecked when she came to reannounce the coalition's car park at the Wendouree railway station on 14 September. The Minister for Public Transport actually came to Ballarat to announce that she would be doing nothing for three months to fix the problems she had caused with the Ballarat train timetable, which was quite unbelievable.

Minister Dalidakis has learnt well from Minister Allan; he came to Ballarat to announce that he would be disappointing the good people of Ballarat in that the government would not be delivering the wi-fi service on regional trains that was funded by the coalition. He came to announce a $22 million cut to connectivity on regional train services, like the Ballarat train service. My question is: why has the minister cut wi-fi from regional train services, and where is he diverting the $22 million cut from this project?

The PRESIDENT — Order! Can the member tell me what the action is?

Mr MORRIS — The action is: will the minister reinstate wi-fi on regional trains?

Monash and Eastern freeways noise reduction

Ms DUNN (Eastern Metropolitan) — My adjournment matter is for the Minister for Roads and Road Safety. I rise to speak on behalf of the communities of Eastern Metropolitan Region, in particular residents who live near the Monash and Eastern freeways, about excessive noise levels.

There is evidence to show that excessive noise can adversely affect health and quality of life. Currently VicRoads has a noise attenuation standard of 68 decibels for these freeways, which is far lower than the standard VicRoads demands from new freeways and roads, at 63 decibels. Further, the current noise attenuation policy states that noise measurements are to be taken at the ground level. This policy fails to recognise that many residents sleep on the first floor, where noise levels are generally higher.

The time period adopted for the analysis of VicRoads noise surveys on the Monash Freeway corresponds to the period between 6.00 a.m. and midnight. However, that neglects the time period between midnight and 6.00 a.m., when most people are sleeping and noise may affect them. In 2015 VicRoads commenced a review of its Traffic Noise Reduction Policy. A discussion paper was released by VicRoads in August 2015. To date no results have been released from this review, leaving residents to wonder if they will ever get a decent night's sleep.

Will the minister release the results of the VicRoads Traffic Noise Reduction Policy review, cap noise levels from the Monash and Eastern freeways to a maximum of 63 decibels to ensure policy consistency with new roads and ensure that noise levels are measured at first floor level as well as ground floor level and that those measures are taken at any time of the day or night?

Aurora School

Mr LEANE (Eastern Metropolitan) — In the last sitting week I asked a constituency question of the Minister for Education, Mr Merlino, about the Aurora School, and I would like to thank him for the response he gave me to that constituency question. But tonight I would like to seek an action from Mr Merlino — that is, to in the new year visit the Aurora School, which is in Blackburn, which offers a great statewide service to deaf and deafblind children and their families, and has done for the last decade.

The school had some concerns around how future changes in disability funding may affect some of its services, but I am glad to say that the response I got to my constituency question goes a long way to alleviate that concern. However, I would appreciate it if the minister would come out to the school in person and have direct discussions with the principal, teachers, council and concerned parents.

Women's sports facilities

Ms FITZHERBERT (Southern Metropolitan) — My adjournment matter is directed to the Minister for Sport, and it relates to the Grass Ceiling campaign and how applications for community sporting facilities will be assessed in the future. This is an issue that I will also be raising with the federal Minister for Sport.

Community sporting facilities in much of Southern Metropolitan Region do not provide for equal opportunity. When it comes to girls and women, most community sporting facilities do not have enough change rooms, training grounds or competition courts as well as funding for coaches, uniforms and equipment. Eighty per cent of the City of Bayside's sporting pavilions predate 1960, a time when expectations of how girls and women should behave was very different to how we see it today. As a consequence of this, to give just one practical example, there is one change room for women in the City of Bayside's 27 pavilions.

Apart from an equity argument, there is a strong community benefit in making sure that girls and young women keep fit and strong, and set up exercise habits in their youth that will see them through a long and healthy life. Research shows that once young people abandon community sport, it becomes almost impossible to reignite that interest and passion. We know that some 25 per cent of children are overweight, so community sport has never been more important.

Bayside Council is lobbying for funds to upgrade its facilities within a 10-year time frame but estimates that it will probably take around 15 years to catch up. The action I seek from the minister is this: will he consider making it a requirement that the state government will not fund community sport capital projects if the proposed projects do not include adequate provision for facilities for girls and women?

Bangholme land rezoning

Ms SPRINGLE (South Eastern Metropolitan) — My adjournment matter is directed to the Minister for Planning. Late last month, on 23 November, Greater Dandenong city councillors resolved to request that the minister initiate a process that will rezone a parcel of land in Bangholme for industrial use. The Bangholme parcel, which is bordered by Harwood and Frankston-Dandenong roads, EastLink and the Eumemmerring Creek, is part of Dandenong's green wedge and is home to the residents of Willow Lodge, which is a retirement village off Frankston-Dandenong Road.

Perhaps the minister is aware of the meeting called by Willow Lodge's residents association on 3 December, at which they were told by the village's management that their homes would be 'safe'. If the Bangholme parcel is rezoned for industrial use, however, it is very likely that the Willow Lodge residents will face much higher site fees to reflect higher industrial zone rates. They can also look forward to being surrounded by industrial developments and uncertainty about whether a future owner will sell the land.

In the same motion Dandenong councillors also voted to rezone the Keysborough Golf Club's course on Hutton Road for residential use. The Keysborough golf course is also part of the green wedge, and the proposed rezoning will threaten remnant vegetation. Apparently the plan is for Intrapac, the property developer, to turn the Keysborough golf course into a housing estate, netting the golf club $40 million. The golf club would then relocate to Pillars Road.

The one person with real power to stop this rezoning of the green wedge is the Minister for Planning. Previously the minister has implied that government policy does not support any changes to the urban growth boundary. This being so, I call on the minister to protect the green wedge by rejecting the City of Greater Dandenong's request to relocate the urban growth boundary to include the Keysborough Golf Club and the green wedge land in Bangholme.

HIV clinical trial

Ms WOOLDRIDGE (Eastern Metropolitan) — My adjournment matter tonight is for the Minister for Health. The action I seek is that she provide funding for a significant expansion of the clinical trial of the use of PrEP — pre-exposure prophylaxis — currently operating at the Alfred hospital for only 115 people. The fact is that Victoria is falling behind — for example, it is falling behind New South Wales — in relation to the reduction in new diagnoses of HIV.

It is all well and good for the minister to pledge that Melbourne will become a fast-track city to achieve the 90-90-90 HIV treatment targets of UNAIDS, the Joint United Nations Programme on HIV/AIDS, by 2020 — that is, that 90 per cent of people who are HIV-positive know their status, that 90 per cent of them are in treatment and that 90 per cent of the people on treatment have an undetectable viral load. Currently PrEP is in the process of an application for Therapeutic Goods Administration approval, and I would certainly encourage the federal government to facilitate that and enhance the quickness with which that approval might be able to take place. It is not available yet, except offshore, here in Victoria.

The thing about the PrEP medication is that it is actually an antiviral drug that is used as a prevention strategy by HIV negative people to prevent them from becoming infected. When taken consistently, it has been shown to be over 94 per cent effective in preventing HIV infection. It is a very significant drug

that has a very significant impact. On World AIDS Day the New South Wales government announced the expansion of its clinical trial from 300 people to 3700 people, which leaves the Victorian trial of only 115 people looking very paltry in comparison.

To be fair, the minister announced clinical guidelines for GPs to use to prescribe off-label PrEP to high-risk individuals, but the fact is that the Victorian government is not taking ownership in addressing this issue, and guidelines, while helpful, will not change the situation. The fact is that there are as many as 2000 Victorians who are eligible and willing to use PrEP, and it is estimated that would divert about 160 new HIV diagnoses in the first year. The target is to reduce the 320 new diagnoses that occur each year. This has been a stubborn number that has not shifted, and PrEP could be the game changer; in fact the evidence shows PrEP would be the game changer in terms of reducing those diagnoses.

We all support the goal — to eliminate all HIV transmissions by 2020 — but Victoria needs to step up. This is a significant public health issue, and expanding the trial to include over 2000 Victorians, who would be taking the PrEP medication, would be a significant improvement. I call on the minister to provide the funding to do so.

Kilmore-Wallan bypass

Ms SYMES (Northern Victoria) — The adjournment matter I have tonight is for the Minister for Roads and Road Safety, the Honourable Luke Donnellan, and concerns the proposed Kilmore-Wallan bypass. As residents of this part of my electorate know very well, the Labor government came to office inheriting a longstanding saga of unmet promises to build this bypass.

I was just reviewing the history, and it is something that has been on my agenda since I came to Parliament. I keep referring back to what has happened in the past, and it is pretty extraordinary because the then Minister for Roads, Mr Mulder, is on the record as saying in September 2012:

> One only has to stand in the main street of Kilmore with the trucks roaring through to understand the impact they have had on the town and will continue to have going forward until we deliver the Kilmore-Wallan bypass — and we will deliver it.
>
> … It is the single biggest investment that community has seen, and the member for Seymour is delivering that project for her community. I congratulate her on that.

Obviously it is somewhat strange that in May 2014, which was 20 months after that statement, the former member for Seymour, who is now the member for Eildon, was pleading for the minister to 'make a decision about the final route as soon as possible'. She went on to say:

> The lack of certainty for those living on the three proposed routes and the volume of traffic that presently flows through the heart of Kilmore are continuing problems …
>
> People in the community are tired of not knowing what is happening and not having a decision.

You can imagine the relief of the community when within only three months of being elected the Labor Minister for Roads and Road Safety finally announced the long-awaited decision on the route. He effectively ended the siege of the unknown that Kilmore and its surrounding communities had been living under.

The western route preserves local heritage, reduces noise, removes heavy vehicles from the main streets of town and was the preferred recommendation of the *Kilmore Wallan Bypass — EES Inquiry and Advisory Committee Report*. Of course there was much positive reaction to the announcement, but as with any large infrastructure project there are issues to work through and ongoing discussions to be had with those who are affected.

Planning has commenced on the final design process, and meetings with concerned residents are continuing. Since the decision, I have met with several residents from either end of the proposed route, from Willowmavin in the north to Wandong in the south, and many of those in between. I have been working tirelessly with VicRoads to keep the public informed, listen to concerns and in turn feed this into the minister's office. I have also arranged for VicRoads to conduct public information sessions, and I thank VicRoads for its ongoing work in this regard.

Representatives from the Wandong-Heathcote Junction community have formed an action group. I am very supportive of this development, as it can be challenging to deal with multiple people with a common or shared interest. The action group is a constructive way to progress communications, and I will continue to meet with the group. VicRoads will do the same. Whilst I am keeping the minister's office apprised of community views, I understand that the action group would appreciate the opportunity to meet face to face with the minister. I therefore request that the minster agree to meet with me and key representatives of the action group in the very near future.

Protective services officers

Mr O'DONOHUE (Eastern Victoria) — I raise a matter this evening for the attention of the Minister for Police. It relates to the protective services officers (PSOs) deployment program for the metropolitan railway network.

As members will recall, when the then opposition back in early 2010 announced the policy to deploy PSOs to our railway network, it was critiqued and derided by many, including members of the then Labor government. We all remember that the now Deputy Premier, when the legislation for the PSOs was introduced to the Parliament, referred to them as plastic police. This is most disgraceful, and the Deputy Premier still has not apologised to the PSOs — the people who protect us here in this building — for referring to them as plastic police.

When the PSO program began it was rolled out in a very aggressive way. Between 2012 and 2014, a three-year period, PSOs were deployed to 170 railway stations on our network — that is, more than 1 station per week. This has been warmly embraced by commuters because the deployment of PSOs keeps them safe at night-time, improves their perception of safety, has been a great boon for the railway network and has significantly improved safety.

I was dismayed, then, when I learnt that the Andrews Labor government, which is now 12 months into its term, has deployed PSOs, as I understand, to only a handful of extra stations — to only seven stations. I understand it to be only seven extra stations, and I am happy to be corrected by the minister. Under the coalition over three years: 170 stations, more than 1 per week; under Labor, 12 months: only 7 stations — not even 1 per month. It is absolutely disgraceful. Where are the PSOs being put? Where are they being diverted to?

This is in direct contrast to an email that the office of the member for Rowville in the Assembly, Mr Wells, received on 23 October describing the rollout of the PSOs, which was meant to be completed for the remaining 46 stations by December this year.

Clearly PSOs have not been deployed to those remaining 46 stations. PSOs have been deployed to only a handful more stations. Locations such as Hughesdale in Ms Fitzherbert's electorate were supposed to have PSOs in December last year, Murrumbeena was supposed to have PSOs in February this year, and in my electorate Beaconsfield was supposed to have PSOs in July and Officer was supposed to have them this year. Those deployments have not occurred. My question to the minister is: where are the PSOs, why has this timetable not been met, and when will PSOs be deployed to the remaining stations?

The PRESIDENT — Order! Would the member like to choose one question?

Mr O'DONOHUE — The last question, President. When will the PSOs be deployed to the stations, noting that this timetable has not been met?

The PRESIDENT — Order! All right. When I say 'question', what I mean is an action.

Mr O'DONOHUE — Thank you for the opportunity, President. The action I seek is for the minister to advise me what is the anticipated deployment date for each and every station that is yet to receive PSOs.

V/Line wi-fi provision

Mr RAMSAY (Western Victoria) — My adjournment matter tonight is for the Minister for Public Transport, and it is very closely related to my parliamentary colleague's matter in relation to wi-fi on V/Line trains — I am glad to see that he read my press release — but for a point of difference I will talk about the Geelong V/Line service. The action is that I call on the minister to immediately implement wi-fi not only on the Geelong line but also on the Ballarat and Traralgon lines as promised.

In April 2014 the coalition government announced $40 million to fix mobile black spots and deliver free wi-fi on V/Line services, including on the Geelong, Ballarat and Traralgon lines.

Ms Symes interjected.

Mr RAMSAY — It is worth noting that an estimated 40 per cent of the distance travelled between regional centres and Melbourne is not currently covered by — —

Ms Symes interjected.

Mr RAMSAY — Would Ms Symes like to do my speech for me?

Ms Symes interjected.

Mr RAMSAY — I thank her. I will do it, because I do not think she can do it. An estimated 40 per cent of the distance travelled between regional centres and

Melbourne is not currently covered by reliable mobile reception — —

Ms Symes interjected.

Mr RAMSAY — It is interesting to note that Ms Symes keeps interjecting, because she is a person who uses a laptop on the train all the time. She is someone who has been complaining about all the black spots and the interruptions she has when working on her laptop when she is travelling up and down through regional centres, so she should be listening and supporting this particular adjournment matter.

As I said, 40 per cent of the distance between regional centres and Melbourne is not currently covered by reliable mobile reception, causing frustrating dropouts for regional rail travellers. This was a priority for both the Committee for Ballarat and the Committee for Geelong, and those committees strongly lobbied the coalition government and advocated for the implementation of free wi-fi on those train services. I was pleased to see that we provided the funding in the 2013–14 budget. In fact the money — the $40 million — is sitting there, part of which was to be for the provision of free wi-fi. For whatever reason the current government has decided not to pursue the provision of free wi-fi but to divert that money to other, unknown infrastructure.

My adjournment action is to call on the Minister for Public Transport to reverse her decision and immediately implement free wi-fi on the Geelong, Ballarat and Traralgon train services, as promised and funded, and I would also like to know from the minister where the money that has already been allocated in the budget for free wi-fi is to be diverted to.

Mr Herbert — One question.

The PRESIDENT — Order! Yes, and it was the early one. The last one was a comment.

Waverley Emergency Adolescent Care

Ms CROZIER (Southern Metropolitan) — Waverley Emergency Adolescent Care, or WEAC as it is better known, has been operating since 1985, providing a range of services to families and teenagers in need in the areas of counselling, accommodation, education and training, as well as drug and alcohol rehabilitation. In fact a dedicated house known as Tandana undertakes alcohol and drug rehabilitation services. There are also two other support houses that are involved with WEAC.

The member for Oakleigh in the Assembly has spoken in the Parliament on a number of occasions about the essential services that WEAC provides to the community. In an adjournment matter in April he called on the Minister for Mental Health to visit Tandana with him 'to discuss future options for this fantastic organisation'. In June, in a members statement, he spoke of the minister's visit and said:

> It is clear that the minister understands that rehabilitation for drug and alcohol issues is vitally important.

He went on to say:

> … I am certainly encouraged that further assistance may be provided to Tandana in the future.

Despite these calls from the local member, which obviously fell on deaf ears, Tandana has now closed and went into voluntary administration about 10 days ago. Fifteen employees lost their jobs. There are many questions surrounding this issue that I would like to have answered, but the action I seek from the minister is that she provide information as to the number of children who have been affected by this decision and where they have gone to receive the support and services they require at such a vulnerable time of their lives.

Responses

Mr HERBERT (Minister for Training and Skills) — Ms Lovell raised a matter for the Minister for Health regarding the provision of funding in the next state budget to expand Goulburn Valley Health. I will refer that matter to the minister.

Mr Purcell raised a matter for me regarding the expression of interest process for the Glenormiston college site, asking that I give strong consideration to proposals to ensure that local communities' needs, interests and views are met. I give him an undertaking that I will do that.

Mr Melhem raised a matter for the Minister for Industrial Relations seeking a meeting with him and community representatives on the insecure work inquiry.

Mr Morris raised a matter for the Minister for Small Business, Innovation and Trade in regard to wi-fi on the Ballarat line and other regional train lines.

Ms Dunn raised a matter for the Minister for Roads and Road Safety calling on the minister to release the VicRoads noise survey and information on noise levels on the Monash Freeway.

Mr Leane raised a matter for the Minister for Education seeking that the minister visit Aurora School with him and speak with teachers, parents and students.

Ms Fitzherbert raised a matter for the Minister for Sport seeking expansion of funding for female community sports facilities and a commitment that he will not provide state funding to community facilities unless gender issues are taken into account.

Ms Springle raised a matter for the Minister for Planning asking that he protect the green wedge and reject the City of Greater Dandenong's application to rezone green wedge land for commercial and residential use.

Ms Wooldridge raised a matter for the Minister for Health seeking funding for an expansion of clinical trials into pre-exposure prophylaxis — a new HIV drug treatment.

Ms Symes raised a matter for the Minister for Roads and Road Safety seeking that he meet with her and Wandong-Heathcote Junction Action Group in regard to the Kilmore-Wallan bypass.

Mr O'Donohue raised a matter for the Minister for Police seeking advice on deployment dates for protective services officers at railway stations that have not yet been assigned them.

Mr Ramsay raised a matter for the Minister for Public Transport seeking immediate wi-fi provision on Geelong, Ballarat and Traralgon V/Line trains.

Ms Crozier raised a matter for the Minister for Families and Children seeking information about the number of children who have been affected and where they have gone following the closure of the Tandana drug and rehabilitation centre.

I will refer all those matters to the relevant ministers.

I have 34 written responses to adjournment debate matters raised between 7 May and 26 November, which I now table.

The PRESIDENT — Order! The house stands adjourned.

House adjourned 10.35 p.m.

WRITTEN RESPONSES TO QUESTIONS WITHOUT NOTICE

Responses are incorporated in the form provided to Hansard

Ministerial staff

Question asked by: **Ms Wooldridge**
Directed to: **Special Minister of State**
Asked on: **25 November 2015**

RESPONSE TO SUPPLEMENTARY QUESTION:

There have not been any lump sum payments to Ms Paul beyond the scope of the normal payment of outstanding entitlements for someone completing their employment.

This government does not intend to disclose or comment on the individual staffing entitlements of public sector or ministerial staff.

Ministerial staff

Question asked by: **Ms Lovell**
Directed to: **Special Minister of State**
Asked on: **25 November 2015**

RESPONSE TO SUBSTANTIVE QUESTION:

It is standard practice for Governments to employ staff to fill a range of roles within Ministerial private offices. These staff may be seconded from departments or hired externally to fill these positions.

A staff member may cease their employment within a Minister's private office for a range of reasons including; the completion of a pre-agreed secondment period, the conclusion of a fixed term position (such as back-filling a parental leave vacancy), or for personal or professional reasons. Alternatively staff in a Minister's private office may have been employed to undertake a specific task such as establishing the operation of the office.

A single figure of total departures from Ministerial offices would be unable to distinguish between these contributing factors and causes.

RESPONSE TO SUPPLEMENTARY QUESTION:

Staff who complete their employment receive any outstanding workplace entitlements as specified in their terms of employment.

East–west link

Question asked by: **Ms Fitzherbert**
Directed to: **Special Minister of State**
Asked on: **25 November 2015**

RESPONSE TO SUBSTANTIVE QUESTION:

Treasury Corporation Victoria has agreed to pay an arrangement fee in respect of each bond issuance in the amount of 2 basis points, calculated as the market value of adding 2 basis points to the issuance yield of that issuance. These are the costs that TCV would incur under any syndicated issuance.

RESPONSE TO SUPPLEMENTARY QUESTION:

The Government is not paying a premium for these flexible arrangements. The costs are the costs that TCV would incur under any syndicated issuance.

Melbourne Youth Justice Centre

Question asked by: **Ms Crozier**
Directed to: **Minister for Youth Affairs**
Asked on: **26 November 2015**

RESPONSE TO SUBSTANTIVE QUESTION:

A review of the incident was undertaken by Mr Peter Muir, former Director Juvenile Justice NSW. This report will not be released to maintain the established protocol of protecting security at our facilities.

RESPONSE TO SUPPLEMENTARY QUESTION:

While specific details of security measures are necessarily restricted, I can say that with any incident and in the interests of maintaining the ongoing safety of the clients, staff and the community, we will continue to maintain the physical environment in our youth justice facilities.

Disability services

Question asked by: **Ms Carling-Jenkins**
Directed to: **Minister for Families and Children (for the Minister for Housing, Disability and Ageing)**
Asked on: **26 November 2015**

RESPONSE:

I am informed that:

The Kew Residential Services redevelopment project is subject to a Development Agreement (DA) between the State and a private developer (KDC, a subsidiary of Walker Corporation Pty Ltd). Under the terms of the DA, the State shares in the revenues from the Project.

The State's share of the revenues are directly remitted to the State's accounts under consolidated revenue, and as such, this income received is not reported in the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) Annual Report. Over the life of the project to date, the State's total revenue share is $54.084 million.

The $88.684 million represents revenues from all houses sold at Kew in 2014-15, after the State's share is paid to consolidated revenue. This amount is remitted to KDC.

The $98.868 million 'cost of goods sold' represents a combination of this amount remitted to KDC plus the value of the State land contributed to those sales for the same period. CPA Accounting Standards require DEDJTR to report the total costs of goods sold for the department for the period. This line item in the Annual Report also includes a small amount of costs unrelated to the Kew project.

I would be happy to arrange for Dr Carling-Jenkins to receive a verbal briefing from MPV on the Kew Residential Services redevelopment project.