

LEGISLATIVE ASSEMBLY

Thursday, 6 June 2002

Mr Speaker (The Hon. John Henry Murray) took the chair at 10.00 a.m.

Mr Speaker offered the Prayer.

LOCAL GOVERNMENT AMENDMENT (ANTI-CORRUPTION) BILL

Second Reading

Debate resumed from 28 May.

Mr WEBB (Monaro) [10.00 a.m.]: I lead for the Opposition on this bill, which we support. We recognise the need to ensure that corruption in local government is dealt with in the most effective way. The current situation whereby a council cannot be dismissed unless an investigation and inquiry is conducted under the Local Government Act—even in cases where an Independent Commission Against Corruption [ICAC] report has found that a council was plagued by corruption practices—is clearly an anomaly that must be addressed. The inquiry process can take a lengthy period of time. That process was included in the Local Government Act to deal with structural procedural problems in councils, such as the Bega Valley Shire Council—which is partly within my electorate—and Maitland Council, where it was found that the councils were dysfunctional.

The shortest inquiry leading to the dismissal of a councillor that the Opposition can recall was the three-month inquiry into the former Windouran Council in the State's south west. I stress that in mentioning those three councils the Opposition is not making assertions of corruption against any former councillors or councils. Given that the existing legislation could result in a virtual repeat of an ICAC inquiry, it is only appropriate that provisions be made to allow councils to be dismissed on the formal recommendation of the ICAC commissioner contained in either an interim or final report of the commission. This streamlining will mean that councils identified as corrupt will be able to be dealt with in a timely manner without the need for an extended period of investigation by another agency, apart from the ICAC.

The bill deals with three separate issues and I will deal with them in turn. First, the bill amends section 255 of the Local Government Act 1993 to allow the Government to remove all elected members of a council and appoint an administrator, without the need for a formal inquiry. This is an important amendment and it is appropriate that those changes stipulate that the Governor cannot take this step unless a recommendation to that effect has been contained in an interim or final report following an investigation into the activities of a particular council. Second, section 440B enables the Governor to dismiss a councillor from civic office and disqualify a councillor from holding civic office for up to five years if the ICAC has recommended that consideration be given to the suspension of the person from civic office with a view to his or her dismissal for serious and corrupt misconduct.

There is a proper process to be followed before disqualification, which includes the Minister giving the person a reasonable opportunity to show cause why he or she should not be dismissed from public office. There are some matters related to section 440B that the Opposition finds strange. Section 440B allows the Governor to disqualify a councillor for a period of up to five years. Yet in part 6 of chapter 16 of the Local Government Act, provision is made for a person to be disqualified from holding civic office for seven years, if they are found guilty of the offence of "acting in civic office while subject to disqualification".

The Government claims that the five-year disqualification provision is consistent with the powers under the Local Government Act for the Local Government Pecuniary Interest Tribunal to suspend a councillor found to have breached pecuniary interest provisions for up to five years. The Government now proposes a disqualification period of up to five years for councillors found to have been engaged in serious corrupt conduct. A councillor found to have engaged in serious corrupt conduct is faced with potentially exactly the same disqualification period as a councillor who is found to breach the pecuniary interest provisions of the Local Government Act.

Additionally, a councillor found to have engaged in serious corrupt conduct faces a disqualification period less than that which can be imposed on a person found guilty of an offence under section 652. Considering these apparent contradictions, one must ask exactly how serious this Government is in dealing with the serious problem of corrupt local government councillors. Once again we are treated with a lot of rhetoric from the Government on getting tough on corruption in councils, including the Minister for Local Government who stated in his second reading speech:

This bill evidences the Government's resolve to act promptly and decisively against corrupt councillors.

The Premier previously stated:

Grubby local councillors who tout for bribes for development applications are, in my view, the scum of the earth. They ought to be frogmarched out of local government.

Yet the Government brings a bill to the Parliament that allows a councillor found guilty of serious corrupt conduct to serve a disqualification period of up to five years, which is less than the disqualification period for less serious offences under the same Act. A councillor can then seek to be re-elected to a civic office. This is important legislation, and it has to be implemented properly the first time round. That is why the Coalition now seeks an explanation from the Minister about the apparent discrepancies I have referred to.

The third major part of the bill relates to the temporary suspension of either councillors or council staff, subject to strict conditions. Section 440C deals with provisions relating to the temporary suspension from civic office for serious corrupt conduct. Under this section, the Minister may, without notice or inquiry, suspend a person from civic office if the ICAC recommends that this happen, if criminal proceedings for serious corrupt conduct are instituted or if the person makes an admission of serious corrupt conduct. While suspended, a person is not entitled to exercise any functions relating to the civic office, or to collect any remuneration or fees connected with that civic office. The suspension can be lifted if the person is not dismissed from civic office or if criminal proceedings are not instituted within six months after the suspension. If the suspension is removed, the Minister may ensure that the remuneration or fees withheld are paid to the person who was subject to the suspension. That is appropriate and proper. If a person is cleared of the allegations that led to the original suspension, it is only right that the moneys withheld be then paid.

Section 440D relates to the ability of a general manager to institute a temporary suspension of a staff member in connection with serious corrupt conduct. This section is substantially similar to section 440C with regard to the grounds for suspension, the process of suspension, remuneration provisions in place under suspension and when suspension is removed, except for the fact that it is the general manager and not the Minister who institutes the suspension. The Opposition also holds some concerns about the particular wording of these sections. Section 440C (1) states:

The Minister may, without notice or inquiry, suspend a person from civic office.

Similarly, section 440D (1) states:

The general manager may suspend a member of staff of a council from duty.

The key point that the Opposition takes issue with in these two sections is the word "may". Under the legislation as proposed, there is no compulsion on the Minister to suspend a councillor, nor on a general manager to suspend a staff member. Rather, they may suspend either a councillor or staff member. The proposed wording significantly weakens the intent of the bill. I ask the Minister to clarify why the word "may" instead of the word "must" is not included in sections 440C and 440D. By replacing "may" with "must" the bill will be significantly strengthened and the warning to staff members and councillors will also be strengthened. If the Government were serious about cleaning up corruption in local government and addressing community concerns about corruption amongst either councillors or staff, the Coalition would expect that the Government would have made this bill as tough as possible.

In its present form, allowing the Minister or the general manager the latitude to suspend a councillor or staff member subverts the intent of the legislation. Rather, a compulsory suspension should be enacted, based on either a recommendation from the ICAC, the commencement of criminal proceedings or an admission of corruption. In the absence of a suitable explanation from the Minister at this point the Coalition will seek to amend the legislation in the upper House to replace the word "may" with the word "must". That amendment will strengthen the legislation and enforce the intent of the bill. The Opposition supports the intent of the bill, despite the concerns I have outlined particularly with respect to sections 440C and 440D. We support the legislation because we recognise the importance of the issue following the recent disturbing revelations at the ICAC inquiry into Rockdale council.

Local government is at the forefront of the lives of many people. It is the third tier in the three tiers of government in Australia and in our lives. Many people regard it as being the most important tier of government.

Councils should provide a wide range of services to their local communities, and it is imperative that the communities have faith and trust in their elected representatives and in the work conducted by staff employed by a council. Communities need to be reassured that the activities of a council are not tainted in any way by corruption at any level, and that is why this bill will be important in cleaning out the so-called bad apples.

Mr ASHTON (East Hills) [10.17 a.m.]: I am pleased to speak in relation to the Local Government Amendment (Anti-Corruption) Bill. When I was a councillor at Bankstown City Council for more than 14 years we never had a problem like the one now besetting Rockdale City Council. The honourable member for Monaro said that local government is the closest government to the people. In many ways local government affects the daily lives of people to a greater extent than some decisions made by the State Government and certainly some decisions of the Federal Government. The first time I ever saw the dedication of legislators was at a Bankstown City Council meeting in the mid-1960s when I was a high school student, and it was very interesting. The councillors did not have much money to spend and they debated matters until 3.00 a.m. or 4.00 a.m., just like we did last night.

Historically speaking, I know that since 1895 Bankstown council has been dismissed three times, and that is not a proud record. We now have a much cleaner local government system than we probably ever had, for which great credit must go to this Minister and this Government. There are more than 170 councils in New South Wales and it only takes one rotten apple—to use a term that has been used before—to draw attention to corruption in councils. The recent events within the local government area of Rockdale, which is now before the ICAC, have demonstrated a number of things on which we need to focus. There continues to be unscrupulous individuals so driven by personal profit that they are willing to chance the severe anti-corruption and criminal conduct sanctions that are already in place. There are not only corrupt councillors who are prepared to take bribes or commit criminal conduct, but also people who are willing to offer the same.

Premeditated and planned corruption may occur on a scale that has the capacity to absolutely shock the community, as has been the case in recent weeks with evidence presented before the ICAC. It erodes business and community confidence in the whole system of local government; it is not just what happens in one council or with one councillor investigated by the ICAC. There is a ripple effect and a feeling that all councils are a bit shonky. The Government recognises in this bill the clear need to act speedily and decisively to deal with civic officials and employees who, either through an independent inquiry or by their own admission, have been found to be corrupt and have been charged with a criminal offence relating to their civic duties.

The bill amends the Local Government Act 1993 to provide for the immediate suspension by the Minister, without the need for further inquiry, of councillors and council staff who are the subject of an interim or final report of the ICAC recommending suspension or dismissal, and/or who have been charged by the police with criminal offences relating to their civic duty, and/or who have admitted their corruption. The suspension will operate pending further action, which may include dismissal of a councillor. The Minister will issue a show-cause letter to the affected person or persons, providing an opportunity for the affected person or persons to demonstrate to the Minister why he or she should not be dismissed from civic office. The power to dismiss a councillor is proposed as an option of last resort to remove a person who has been engaging in corrupt activities and who has refused to resign. This power is to be exercised by the Governor by proclamation on the recommendation of the Minister.

The dismissal period is to be determined in all the circumstances, with a maximum period of five years. This is consistent with the powers of the Pecuniary Interest Tribunal under section 482 of the Local Government Act to disqualify a councillor against whom a complaint has been proved from holding civic office for a period of not more than five years. A councillor may appeal to the Supreme Court under the ordinary grounds of appeal for that jurisdiction, including an error of law or procedural fairness. The dismissal power is conceived as a power to protect the integrity and reputation of a particular council and the local government sector as a whole. The ICAC considers this proposal critical to the successful removal of corrupt persons from civic offices. The power to suspend a councillor or staff member or dismiss a councillor does not limit the taking of further action by the police or the Director of Public Prosecutions where appropriate.

The important point is that it will be easier to remove one corrupt councillor rather than have a stain on the whole council for a long time and have to remove the whole council when the majority of councillors and officers in the council are doing the right thing. It is also proposed to allow the immediate dismissal of a local council by the Governor and the appointment of an administrator to the council. This would occur when the ICAC makes a finding in either an interim or a final report that systemic corruption exists within the council and recommends the removal of that council. So if it is proved beyond reasonable doubt at the ICAC that the whole council is rotten to the core, that whole council can be removed. I fully support that.

A reasonable balance between the public interest and that of the individual facing possible suspension or dismissal needs to be achieved. A provision will be made so that a councillor or council staff charged with

corrupt conduct or other criminal charges affecting civic office and duty who is subsequently fully exonerated of those charges in a court of law or who has had the charges withdrawn or dismissed will be automatically entitled to resume his or her former position, free of any penalty. This is an important protection. In cases involving the suspension of an entire council and the appointment of an administrator to perform all the functions of the council, the restoration of democratic local governance will occur as soon as it is deemed practicable by the Government to hold fresh elections for the area.

If these measures are approved—with the caveats mentioned by the honourable member for Monaro—it will no longer be possible for individuals to continue in their roles as councillors or council employees, or to receive remuneration or salary, or to be involved in the day-to-day decision making of the council while waiting for the due process of law to reach its conclusion. These persons will be suspended from their positions immediately. No further inquiry process will be required prior to the exercise of the power to suspend. Bankstown councillors now receive \$15,000 to perform their duties.

Mr O'Farrell: Not enough.

Mr ASHTON: It is not enough. In Queensland councillors get a full-time salary, a car, an office and a secretary. When I first served on Bankstown council, councillors received \$500 a year.

Mr O'Farrell: Too much.

Mr ASHTON: In my case I am sure it was too much! That \$500 was usually donated to a couple of local charities. I did not have suits in those days, so it did not even pay for dry cleaning. Some mayors are on \$40,000 and upwards. That is public money and there is an expectation that it is more than just voluntary service. No-one forces people to be councillors. The payment is for assistance with out-of-pocket expenses. But it is government money, and government money is public money. So there needs to be a degree of responsibility in how it is paid. If someone is under suspicion of wrongdoing that remuneration will stop.

The cumulative effect of the reform package will be a significant increase in the threshold of deterrence against persons holding civic office or employed by a council succumbing to the temptation to act in criminal or corrupt ways. The welfare of the community and the long-term economic prosperity of the State are too important to extend any leniency to corrupt officials who seek to subvert the public institutions and values upon which our society is founded and depends. Any breach of the community's trust by a public official warrants prompt and appropriate punishment, and this bill is sure to strike a positive chord with all sections of the electorate. The biggest file of most members of Parliament relates to the local council. It is not because people come to their State member to complain that the council is corrupt; they just do not always have access to councillors, or they feel that a State member is more important or has an office that is more accessible.

We can sometimes play a large role. All members of this Parliament would have had meetings with general managers of councils and planners. We may have to liaise with State Rail and road transport authorities and the like to do good things for the welfare of our city and our electorate. The degree of corruption recently revealed at Rockdale would have sent a shiver through many of us. We should also remember that officers as well as councillors could be involved. This bill will go a long way towards making sure that those people—as the Premier said, the scum of the earth—pay for their sins. I commend the bill to the Parliament.

Debate adjourned on motion by Mr O'Farrell.

APPROPRIATION BILL

APPROPRIATION (PARLIAMENT) BILL

APPROPRIATION (SPECIAL OFFICES) BILL

GENERAL GOVERNMENT LIABILITY MANAGEMENT FUND BILL

PROTECTION OF THE ENVIRONMENT OPERATIONS AMENDMENT (TRADEABLE EMISSION SCHEMES FUND) BILL

PUBLIC FINANCE AND AUDIT AMENDMENT (BUDGETING AND FINANCIAL REPORTING) BILL

STATE REVENUE LEGISLATION AMENDMENT (BUDGET) BILL

Second Reading

Debate resumed from 4 June.

Mr BROGDEN (Pittwater—Leader of the Opposition) [10.28 a.m.]: The Carr Government's last budget is a lazy budget. It is a budget of missed opportunities. It is a budget that fails the real test of compassion and economic responsibility. It is a budget that, despite the death of 40 at-risk children, only employs a pathetic

43 extra Department of Community Services [DOCS] staff. It is a budget that does not value our hard-working nurses and cares little for people on hospital waiting lists. It is a budget that has let down parents and teachers desperate for smaller class sizes. It is a budget that does nothing to address the fact that New South Wales remains the highest taxing State in the country. It is a budget that would be in deficit if it were not for the unexpected and unbudgeted tax windfalls. This is a budget delivered by a government whose best days are behind it.

After a decade of economic growth this budget would be in deficit if not for the property boom. Its surplus is achieved by accident, not by responsible economic management. As most commentators noted on Wednesday of this week, the lazy profligacy of the Labor Government has been supported by strong economic growth and record low interest rates. As we know, they have been cemented in place by the Howard Government. This budget proves the lie to Labor's claim to the title of responsible economic manager. Spending overruns have totalled \$2.4 billion over the past two years, but Labor has been bailed out by the taxpayers of New South Wales. That is because every time a young family purchases a home, the Carr Government takes a cut. Every time a teenager buys a second-hand car, the Treasurer clips the ticket. And every time businesses over the payroll tax threshold employ somebody new, the Premier hits them with a tax on jobs. And, just when you thought home buyers might be financing enough of the Labor Party's re-election strategy, he announces a new building levy on new home constructions and renovations.

Make no mistake. This budget is the creation of a Government which is addicted to tax and unable to control spending. This year alone the Government is expecting to reap a \$900 million windfall courtesy of the property boom, and an extra \$520 million next year. But take out the benefit that the booming property market has delivered to the New South Wales budget and the surplus for 2001-02 becomes a deficit of \$230 million, and the surplus in 2002-03 becomes a deficit of \$352million. This is not responsible economic management. As a share of total State taxes, stamp duties on contracts and conveyancers have risen from 13.6 per cent of total State taxation revenues in 1998-99 to 22.8 per cent this year. And, as the New South Wales Treasury noted, this is the most volatile revenue source available to the State.

But the Premier and the Treasurer have lazily increased the exposure of the New South Wales budget, and the people of New South Wales, to the vagaries of the property market. Standard and Poor's have now warned that if a downturn in the notoriously volatile property market were more severe than expected, it would be a risk to revenues. This budget also proves that the Treasurer misled the media and people across the State when he claimed that the New South Wales budget had to be delayed a week because New South Wales had been shortchanged by the Commonwealth. There was never a funding shortfall from the Commonwealth, and the Treasurer should apologise. The budget papers show New South Wales receiving \$15.1 billion in Commonwealth grants for 2002-03. This is \$250 million above the estimate contained in last year's budget and about the same as the estimate contained in the December 2001 half-yearly budget review.

Over the four years to 2001-02 Commonwealth grants have exceeded New South Wales Government forecasts by well over \$900 million. Rather than blaming the Howard Government, the Treasurer should be thanking Mr Costello and Mr Howard for building an economy in New South Wales that has delivered windfall after windfall, covering up Labor's lack of financial discipline and credibility. The enduring testament to Labor's economic credentials is that New South Wales is still the highest taxing State in Australia. This is the reality of a true Labor budget.

You would think, with \$900 million of additional revenues from the property boom this financial year alone, and Labor expecting to reap another \$520 million in 2002-03, the Government would offer some genuine tax relief—\$900 million more! Total revenues \$1.6 billion higher. And what did they give back? \$52 million. The cut in general insurance stamp duties totals \$150 million, while the exemption of apprentices' wages from payroll tax totals \$9 million. But the broadening of the payroll tax base rakes back \$107 million. The New South Wales State Chamber of Commerce criticised the tax measures in the budget, saying:

The business community feels that the payroll tax concessions are really more a case of smoke and mirrors by the Government.

So let us get this right. We would not want to miss the full scale of generosity from the Labor Government in this self-styled compassionate budget. The total revenue windfall in this financial year was in excess of \$1.6 billion. The budget forecast for total revenues next year is an enormous \$33.6billion. And the tax cut to the people of New South Wales? Only \$52 million—less than 0.15 of 1 per cent of total revenues forecast for next year.

And it is not like Labor has delivered on the core concerns of people in other areas. Undervalued nurses struggle with pay packages that do not measure up to those of equivalently trained health professionals. Nothing has been done to address the issues that keep half of the registered nurses in New South Wales out of our public hospitals. And without nurses, hospital waiting lists will continue to grow and people's health needs will go unattended. There are now 52,200 patients waiting for elective surgery, of whom close to 8,000 have been waiting for more than a year. When Labor came to power over seven years ago on a promise of halving waiting lists or resigning, there were 44,700 people waiting for elective surgery, with only 2,265 waiting for more than a year. But there is nothing in this budget to increase nurses' pay parity.

Teachers will still face crowded infants classrooms, with the exception of those lucky enough to be involved in the embarrassingly inadequate \$5 million trial of smaller class sizes. Department of Community Services workers now claim that the Government has "amputated itself from humanity", with very little of the windfall directed to saving the lives of our most helpless children. And police now know that the budget priority of this Government is focused on raising more revenue by funding traffic police, rather than on community-based law enforcement.

On payroll tax, with one hand Labor announced a \$9 million exemption of apprentices' wages from payroll tax, and then with the other increased the payroll tax take by \$170 million by broadening the payroll tax base. This is a tax on extra jobs in New South Wales of \$98 million. They also made much of their cut in payroll tax from 6.2 per cent to 6 per cent. But this cut—which is largely offset by the base broadening—was in fact announced not one, not two but three budgets ago. The New South Wales payroll tax rate of 6 per cent coming into effect on 1 July is still hopelessly uncompetitive with the 5.35 per cent rate in Victoria—scheduled to fall to 5.25 per cent by 1 July 2003—and the Queensland rate of 4.75 per cent. And the measures announced in this budget actually put New South Wales further behind, increasing the payroll tax take by \$98 million next financial year, \$110 million the following year, and \$116 million the year after that.

The budget is lazy because it fails yet again to reform the State's taxation system. Our uncompetitive payroll tax system hands a competitive advantage to Queensland and Victoria. This is a situation that Labor made worse in Tuesday's budget. The new measures announced on Tuesday add to the payroll tax burden facing businesses in New South Wales. And home owners in New South Wales continue to be plagued with high stamp duty. This is simply not good enough. Labor's tax grab has to end. A Brogden-Souris Government will commission an open and comprehensive review of all State taxes to deliver a reduction in the State's taxation burden because the Coalition is committed to delivering tax cuts in our first term in government. Today I am announcing the terms of reference for the review of State taxes that the Coalition will conduct on coming to office. The terms of reference are:

1. The overarching task of the committee of inquiry will be to recommend a plan for achieving a reduction in the overall taxation burden.
2. The committee of inquiry shall review all State taxes and their current application.
3. In arriving at its recommendation, the committee of inquiry is to also take into account:
 - (a) the incidence of taxation on households in New South Wales relative to other States (and the equity of current taxes on households);
 - (b) the competitiveness of New South Wales and the impact of State taxation on the competitiveness of businesses operating in New South Wales;
 - (c) the principles of efficiency, equity and administrative simplicity;
 - (d) the interaction of Commonwealth and State taxes;
 - (e) the increase of State revenues from 2007-08 flowing from the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations;
 - (f) the longer-term sustainability of the State's tax base; and
 - (g) any specific impact that State taxes have on
 - rural and regional New South Wales, and the role any restructure of taxes can play in regional development,
 - small business, and
 - the not-for-profit sector.
4. The committee of inquiry should also review existing taxation expenditures and concessions and assess the appropriateness of providing additional expenditures and concessions.
5. In conducting the review the Committee of Inquiry should consult widely and invite submissions from businesses, households and other persons and bodies.
6. The committee is to report by 31 October 2003.

The review will be independent of government. It will take submissions from any and all interested bodies or persons, it will conduct public hearings, and it will allow the community, businesses and organisations across New South Wales to have their say about our out-of-date tax system. The committee of inquiry will include representatives from business—and an extra representative for small business—rural New South Wales, the community sector and taxation and policy professionals. The taxation review will be open. We will encourage all businesses and communities in New South Wales to have their say.

The inquiry will call for public submissions. It will issue a draft report and invite additional comments from people and businesses in New South Wales. The inquiry will hold hearings throughout the State, including, most importantly, regional New South Wales. It will be an open, transparent process designed to identify the best way of eliminating the unfair tax grab of this Labor Government. Our government will respond to the inquiry's recommendations in its 2004-05 budget. This review will form a clear plan to ease the cost of living, make New South Wales businesses more competitive and deliver a fairer, more reliable revenue base to fund essential services.

Australia's leading State deserves a better vision for the future. The much-heralded capital expenditure program continues Labor's serial re-announcements of old projects. The Premier's claimed record \$6.35 billion capital works program for 2002-03 is a con. Closer scrutiny of the budget papers reveals that in the five key areas of health, education and training, police, transport and corrective services, less than \$330 million is being spent on major new projects in the next financial year. In health, for example, major new works in 2002-03 amount to just \$40 million. As far as rebuilding the Royal North Shore Hospital is concerned, buried in the detail of the budget documentation is the revelation that the allocation for new works next year is just \$3.7 million.

Over the past five years infrastructure spending in the general government sector has fallen from more than 15 per cent of expenses to just 9.3 per cent. The best thing that can be said about this budget on infrastructure spending is that it is a catch-up on the first five years of the Carr Government when it slashed capital expenditure by around \$4 billion. In any event, new capital spending on hospitals will be useless without the nurses to staff them. Where is the reduction in class sizes to join new spending on schools? A Brogden government will commission a complete audit of the State's infrastructure. We will have a longer-term plan for managing public assets and ensuring that we have the infrastructure in place to provide for the future development of the State.

We will also aggressively pursue public-private partnerships as a means of delivering infrastructure to the people of New South Wales. Unlike Labor, we will not drop the ball because of union and bureaucratic interference on reforming the way in which infrastructure is delivered to the people of New South Wales, and will provide a higher level of infrastructure at a lower cost. And we will not leave infrastructure spending as an afterthought, to be addressed in the last budget before an election. Labor spending overruns are inexcusable—and they matter. The spending overrun in 2001-02 of \$1,053 million is equivalent to a reduction of over 1 per cent in the payroll tax rate.

Make no mistake: if this Government did not habitually overspend, New South Wales could have a lower payroll tax rate than Victoria, and a payroll tax rate closer to that in Queensland. Imagine the boost to business confidence and jobs in this State if Labor had just worked harder to stay within budget and delivered a program to cut over a full percentage point from the payroll tax rate. Without the discipline of more comprehensive budget reporting standards, Labor has been allowed to lazily overspend its budgets. Overspending matters, particularly when it is overspending that fails to address key issues that people care about: class sizes, front-line workers for the Department of Community Services, and pay parity for nurses and police officers on the street, not behind speed cameras.

This is a Government that has failed to live up to its own goals of financial management, and its own financial reporting standards are inadequate. For example, Access Economics gives New South Wales a lower fiscal transparency ranking than Western Australia, Victoria, Queensland, South Australia and the Northern Territory. Even the Northern Territory Government can produce higher quality budget documentation than the New South Wales Government. The Coalition intends to bring some discipline to the State's books. A Brogden-Souris government will introduce a charter of budget transparency that will legislate for a much higher standard of budget reporting and honesty in New South Wales.

In addition to retaining the key financial management goals contained in the existing General Government Debt Elimination Act, the Coalition's proposal will have the budget economic and financial

forecasts formally signed off by the Secretary to the Treasury as having been prepared by him, freeing the budget forecasts from political interference. The charter of budget transparency will ensure that budget documentation, including the mid-year review and a new pre-election report, is more transparent and more clearly identifies the reasons behind variations in forecasts, broken down between policy changes and parameter variations. It will also provide for the release of a comprehensive pre-election budget update and for independent costings of policies by the Treasury during an election campaign free from political interference.

A Brogden-Souris government will retain the budget in surplus. And a surplus under a Liberal-National Coalition will not be built on the back of windfall tax revenues. We will address the issues that matter to the community, and as a down payment we have already announced an extra \$80 million for a centre of excellence for mental health on the Rozelle Hospital site, with up to 400 new beds for psychiatric care, along with support services for those caring for people with mental illness. In the area of rural health, we have already announced \$3.5 million to address the shortage of specialists, particularly anaesthetists in the country. We have announced that a Coalition government will return rostered beat police to our streets and re-staff the 80 police stations effectively closed down in seven years of a Labor Government.

We will recognise the vital service New South Wales police provide to our community by introducing compulsory life sentences for any person convicted of murdering a police officer who is on duty. The Coalition has also already said we will employ an extra 200 front-line workers in the Department of Community Services, at a cost of up to \$20 million a year. The majority of workers will go to rural and regional areas, particularly those areas where family members face a high risk of abuse. Labor's eighth and last budget continues a pattern of habitual overspending and overtaxing.

We were promised a compassionate budget, but instead we got a budget that fails to value our hardworking nurses and fails to do enough to protect our children at risk. It is a budget that tries to hide a massive tax increase behind a small tax cut. It is a budget that promises \$6.35 billion in capital works, but only delivers \$330 million in new projects. By contrast, the Coalition will go into government committed to tax reform to ease the burden on families and make our businesses more competitive. We look forward to the challenge.

Mr SOURIS (Upper Hunter—Leader of the National Party) [10.48 a.m.]: I am very pleased to have the opportunity to deliver my reply to the Budget Speech. The New South Wales Labor Government's eighth—and last—budget reveals just what poor value this Government represents. It clearly shows that it is not only Australia's highest taxing State but also, because it cannot control costs, that New South Wales taxpayers are receiving very poor value for money. This Government is about more taxes, less investment, and lower outcomes. This is a Government that has collected record revenues. The Australian Bureau of Statistics confirmed in April that New South Wales has been the highest-taxing State in Australia since 1996-97. It reported that the average New South Wales taxpayer pays \$2,373 per year in State and local taxes—\$290 more than the second highest taxing State, Victoria.

The Labor Government has collected \$12.2 billion in additional revenue, over and above what it had estimated in its budgets, between 1995-96 and 2001-02. Actual revenue has, on average, exceeded estimates by 6.5 per cent annually. It is worthwhile repeating that: Revenue has exceeded the budget estimates for revenue by 6.5 per cent annually. The budget figures show that in 2001-02 New South Wales Labor will collect total revenue of \$33.5 billion, which is \$1.3 billion more than estimated, and State taxes of \$13.358 billion, \$1.27 billion more than estimated. By way of comparison, between 1995-96 and 2001-02 Labor increased its revenue by 54.6 per cent, yet inflation increased by only 20 per cent—a real revenue increase of 34.6 per cent.

The Premier and the Treasurer have simply been riding the property boom. In 2001-02 the Labor Government collected \$4.344 billion from property taxes—\$1.019 billion more than it had estimated. It has once again underestimated its 2002-03 figures: It estimates that it will collect \$4.1 billion from property taxes in 2002-03, but is very likely to again collect much more. In the seven years between 1995-96 and 2001-02, revenue collected from stamp duty on contracts and conveyances has increased 250 per cent to \$2.72 billion per annum, and land tax 180 per cent to \$1.047 billion per annum. Behind the statistics and record revenues are hardworking families who are trying to get ahead. These are the people who are being taxed by Labor to fund its cost blow-outs and waste.

Awash with cash, Labor, disappointingly, has rejected the Coalition's calls to help alleviate the public liability and medical indemnity crisis by suspending stamp duty on those insurance policies. Unfortunately for community groups and doctors, the Government is addicted to the \$480 million it will collect from insurance

policies in 2001-02. The Treasurer has also not heeded calls to help amortise rising home loan interest rates by reducing property taxes. Home buyers are paying the New South Wales Government stamp duty of \$7,818 on the median New South Wales house price of \$266,500 and, in Sydney, \$11,240 on the median price of \$350,000. An interest rate increase of 0.25 percentage points means the median home owner pays an extra \$43 per month on his or her mortgage.

The Federal Government's first home owners grant, combined with the high economic growth that the Federal Government has managed, has meant record property windfalls for Labor. The least that Labor members could do is play their part to help people own their own home, rather than just reap the benefits of the Federal Government's economic stewardship. Over the past three years Labor has raided the electricity sector for \$3billion by increasing its indebtedness and seizing the debt as dividends. Contrary to Treasurer Egan's false claim that a Commonwealth funding shortfall required delaying the budget, actual Commonwealth grants have exceeded budget estimates between 1995-96 and 2001-02 by a total of \$1.48 billion. In 2001-02 alone, Commonwealth grants exceeded estimates by \$518 million.

Symptomatic of Labor's indifference, this budget does nothing at all to address our State's diminishing competitiveness under its burden of taxation. For example, the Premier has failed to honour his March 1995 promise to reduce payroll tax to that of Queensland. From 1 July our rivals, Queensland and Victoria, will have reduced their payroll tax rates to 4.75 per cent and 5.35 per cent respectively, and, in the former case, with a much higher threshold. Labor, however, has responded by offering no payroll tax cut at all. The paltry 0.2 percentage point reduction to 6 per cent—still the highest rate in Australia—is no tax cut at all because the \$130 million it forgoes in 2002-03 will be recouped by the Government in broadening the payroll tax base to include fringe benefits and eligible termination payments. Labor is taking with one hand a small amount and not giving anything back.

New South Wales businesses, particularly in the border areas, are hurting, and New South Wales jobs are lost, yet this Government could not care less. Along with record revenues has come record spending. Since 1995-96 Labor has blown its own budgets by \$5.435 billion, almost \$1 billion each year, or an average annual overrun of outlays of 3 per cent. Once again, budget papers confirm that in 2001-02 Labor has blown its budget by \$975million—again, almost \$1 billion.

Mr O'Farrell: Where has it gone?

Mr SOURIS: It has not gone to service delivery. It is alarming that in its seven budgets between 1995-96 and 2001-02, this Government has increased spending by 48.4 per cent while in the same period Sydney's inflation rate increased by only 20 per cent. This means that spending has increased 2½ times the rate of inflation. This unsustainable spending is in violation of Labor's own General Government Debt Elimination Act 1995, Fiscal Principle No. 5, which requires "constrained growth in net costs of services and outlays". The reduction in the budget surplus from \$670 million in 2001-02 to a paper-thin \$168 million in the forthcoming financial year reveals that Labor's big-spending pre-election plans are yet to come.

Despite the record revenues and profligate spending, once again Labor has neglected to invest in the State's future infrastructure needs. Were it not for hollow logs in the public trading enterprise sector, the budget would be in deficit and the net lending requirement of \$1.12 billion reflects the dividend raids and financing from this sector. In other words, the Government has forced public trading enterprises to borrow so that it can fund its otherwise deficit and otherwise unfunded capital expenditure. Infrastructure investment has virtually halved from 15.6 per cent of total spending in 1995-96 to 8.8 per cent in 2001-02. In that period, New South Wales Labor has diverted \$6.73 billion away from capital works to fund its recurrent spending blow-outs. In the 2003 budget, this percentage is 9 per cent of total outlays. Far from being Bob the Builder, the Premier has reduced the proportion of total outlays invested in the future, invested in infrastructure, from 15.6 per cent to approximately 9 per cent. Bob the Builder the Premier is not!

Infrastructure throughout New South Wales has fallen into a dangerous state of disrepair as far as hospitals, schools and roads are concerned. This is why the Coalition in government will pay special attention to the state of our infrastructure by commissioning an infrastructure audit to determine priorities for investment. The audit in turn will lead to the production of a State infrastructure plan for the medium and long-term renewal of our infrastructure needs. We will also use private finance in partnership with public ownership, where appropriate. But, unlike Labor, the Coalition will use private finance to supplement, not substitute, public investment.

Labor's mismanagement and indifference are evidenced by the fact that, despite record revenues and spending, basic services are worse than ever. Crime levels are at a record high, hospital waiting lists are longer than ever and schools are falling down around our students' ears. The Brogden-Souris Coalition Government will commission an independent and wide-ranging review of State taxation. The Leader of the Opposition, Mr John Brogden, announced the terms of reference in his reply to the budget. The review will seek to make State taxes more transparent, simple and equitable. The review will pay particular attention to payroll tax and land tax, and consider ways of reducing tax for small business and families. Every member of the community will be able to contribute to it. This budget was a lost opportunity. It could have been an opportunity to invest in the State's infrastructure before it falls apart. It could have been an opportunity also to exercise restraint in tax collection to plan for any slowdown in the overheating property market. Labor failed to do either.

Labor failed to show any economic leadership at all. Even Labor's adoption of the Coalition's longstanding policy of exempting apprentice wages from payroll tax as a means of generating employment for younger people was negated by the broadening of the payroll tax base. When the Coalition assumed office in New South Wales in 1988, it inherited a large downturn in the property market that reduced tax revenues. That reduction threatened the State's triple-A credit rating, something Labor has been fortunate enough not to have had to consider, due to the Federal Government's strong economic management. A deterioration of the credit rating means that the State Government must pay higher interest rates and, therefore, public money does not go quite as far. The times called for significant management reforms. But it appears that it may fall, once again, to the Coalition to deliver responsible and sustainable service improvements. Unlike Labor, we know what the business of State Government is and we are equal to the task.

In relation to the Federal Government we should not forget the first-rate economic management that the Howard-Anderson Government delivered. During its term the previous Coalition Government defended the State's triple-A rating with success. Subsequently, thanks to the Federal Government and the property boom, the Carr Labor Government has never had to face an economic crisis, has never had to properly manage the State in any way, and has never had to face a difficult circumstance. Far from claiming any economic credentials, it is the previous Coalition Government that has fiscal credentials and has its mark firmly stamped on economic management. The Coalition Government was the first sovereign government to ever defend a credit rating downgrade. The New South Wales Labor Government has ridden on the coat-tails of the Federal Government's hard work, which has resulted in lower interest rates, low inflation, the payment of much of Federal Labor's debt and a competitive export sector. This point was recognised by none other than the Premier on 13 May when he told Radio 2UE:

As Australians, you ought to feel proud that countries in the G7, America, Japan, and the European economies had growth of about 1 per cent, about 1 per cent. The first time they've been simultaneously in low growth since 1974. Australia has done much better. I just want Australians to think of themselves as people who can do well by international standards.

We have a lot to thank the Federal Government for. Rural and regional New South Wales continue to bear the brunt of the Labor Government's ignorance and arrogance. Despite the spin and rhetoric of the army of Labor spin doctors, an analysis of the budget reveals that, despite one-third of the population living outside the metropolitan area, those people have again been neglected. The amount of capital expenditure in the all-important Health, Police and Education portfolios allocated for the 2002-03 budget to country New South Wales falls well short of the one-third benchmark. In Health, overall capital expenditure on major works totals \$392.2 million, of which \$82.4 million is designated for country New South Wales. That is just 21 per cent.

Overall capital expenditure on major Police works totals \$68.9 million, of which \$14.5 million is earmarked for country New South Wales. That is just 22 per cent, though it has one-third of the population. Country capital works for the police force amounts to \$2.25 million out of \$22.5 million, or just 10 per cent. In Education, capital expenditure on new capital works totals \$68 million, of which \$18.6 has been allocated to rural and regional New South Wales. This amounts to 27 per cent—still short of the one-third population base. The Government has continued its attack on the New South Wales Department of Agriculture. This year the department's budget has been cut in real terms compared with actual expenditure last year.

At a time when this Government is wreaking havoc on rural communities by implementing major natural resources reform with little consultation and no compensation for loss of property rights, Labor has hacked into the Department of Land and Water Conservation. The budget for the Department of Land and Water Conservation has been cut in actual terms from \$562 million to \$558.7 million, and 175 staff are to go. All this is happening at a time when the Government is introducing the most major reforms in natural resource management in the history of the State. This again illustrates Labor's indifference and arrogance towards farmers, and the hundreds of thousands of rural businesses and residents who rely economically on them. Another issue in this budget of concern to country communities is country town water and sewerage funding, which has been cut in actual terms by almost \$12 million—from \$68.4 million to \$56.4 million.

This program is of great relevance to the environmental concerns that people are expressing for the whole of the Murray-Darling basin and other country communities, yet the Carr Government has reduced funding in actual terms to well below what the last Coalition Government provided in 1994-95. Road maintenance funding has been cut in real terms by \$41.8 million. Another feature of the budget is its complete failure to address extra pay and better hospital conditions for our nurses. That is why we are short of nurses. That is why hospital waiting lists have gone up, including in the country, by 80 per cent. There is no increase in preschool funding, and there is a failure to address class sizes in the beginning years.

I thought that public education was a major issue for New South Wales. But you would not know that by looking at the Labor Government's Budget Papers. There is no funding for the National Livestock Identification Scheme. The Coalition is committed to participating in that scheme in co-operation with the specialist rural crime squad, which is focusing on stock theft. That is already part of our policies. Noxious weed funding has been cut in real terms. So much for the so-called environmental credentials of the Labor Government. It is a small amount compared to the damage that noxious weeds do to the environment and the sustainability of our agricultural sector. Yet in real terms the Government has cut noxious weed funding.

In relation to the Gaming portfolio, Labor has continued to run down the staff of the liquor and machine gaming compliance division within the Department of Gaming and Racing. I will address that issue later. Staff numbers have fallen from 189 in 1998-99 to 115, despite the Government collecting \$1.2 billion in gaming revenue this financial year. Despite buoyant revenues there is an 80 per cent blow-out in hospital waiting lists, we are short of nurses, our police stations are short of operational police, crime has increased, we are short of teachers, and class sizes are too high. Parents are choosing to opt out of public education. The budget has completely and utterly ignored the disadvantaged and the vulnerable.

Debate adjourned on motion by Mr Yeadon.

LOCAL GOVERNMENT AMENDMENT (ANTI-CORRUPTION) BILL

Second Reading

Debate resumed from an earlier hour.

Mr O'FARRELL (Ku-ring-gai) [11.09 a.m.]: I support the Local Government (Anti-Corruption) Bill. I remind the students from Kinross Wolaroi school, who are present in the gallery, that this legislation has resulted from evidence taken before the State's Independent Commission Against Corruption involving Rockdale City Council. The people of New South Wales have a right to expect every level of government to operate as corruption free as possible. That is why I think one of the finest achievements of the Greiner Government was the establishment of the Independent Commission Against Corruption. It keeps a watchful eye on us all and though we may not enjoy that, it is for the benefit of the public.

I welcome this legislation because it provides the power to promptly respond when corruption is uncovered. It is the sort of response that the Liberal Party made with one of its formally endorsed candidates on Rockdale council. I regret that to date it is not the sort of response that the Labor Party has made with either the deputy mayor or Mayor of Rockdale council. Perhaps this legislation may embarrass Mr Roozendaal into finally taking the action he ought to take—the sort of action that a general manager could take—and deal with those councillors who are a poor reflection on the honourable member for Rockdale, who does such good work for that community in this place.

The reason I welcome the Minister being given these powers is that in areas where corruption is not involved I know just how significantly his hands are tied. My community has had its own experiences with a councillor or a number of councillors who seek to be disruptive. I would argue that the Department of Local Government and the Minister, acting on behalf of the community, should have the opportunity to take the sort of action this bill proposes. This legislation seeks to overcome the problem of the Minister having very limited potential to act, and the fact previously he could take action only after an inquiry had been held. That is why I particularly support this bill.

I have two concerns. Sections 440C and 440D state that "the Minister may" or "the general manager may". Of course, "may" is not a compulsion; it provides some discretion for Ministers and general managers. Without being unkind to the Minister for Local Government, at least one Minister in the past has been found wanting when it came to administering issues of ethical behaviour. I do not always share a high regard for all general managers of local councils across New South Wales and I have some concerns about the discretion that has been provided to both classes of people, that is, Minister and general managers.

From my experience, not with Ku-ring-gai council but elsewhere, I have been concerned that some general managers have proven themselves to be the best politicians on the council even though they are not elected. Those general managers, in a non-corrupt way on other issues, seem able to manipulate votes to ensure the outcome they want, irrespective of whether the best interests of their ratepayers are achieved. I simply raise my concern that if general managers are already able to do that, the discretionary power this legislation gives them will increase their influence and capacity to control those events on their councils to an even greater extent. I seek some reassurance from the Minister when he responds to the second reading debate that either he and/or ICAC have thought this through and confirmed that there are safeguards to protect the interests of ratepayers and to ensure that, at the very least, general managers are not put into situations where they may be encouraged to act improperly or, at worst, to seek to engage corruptly in exercising section 400D of the Act.

Mr THOMPSON (Rockdale) [11.13 a.m.]: The revelations of bribery and corruption at the public hearings of the ICAC sent shock waves throughout the broad community, but they were particularly dramatic in the Rockdale local government area. The ICAC inquiry is not concluded and I do not want to prejudge or pre-empt its findings. However, the inquiry has well documented that there has been corrupt behaviour, and our local Rockdale community has been shaken by that. Community confidence and trust have been dealt a severe blow, and the reputations of the good and honest local councillors who serve or have served our community have been put under a shadow. Council staff have been subjected to insults and humiliation. The *St George Leader* of 28 May carried a front-page headline "Staff 'spat on'. Council general manager appeals for 'a fair go'." In part, that article states:

Rockdale council general manager Kevin Casey wants the public to lay off his staff who have been verbally abused, even spat at, since the bribery scandal broke early this month.

In a bid to protect his workers from public outlashings, Mr Casey wrote to *The Leader* asking for them to be given "a fair go".

He asked the public: "If you feel compelled to vent your anger, contact me but leave the staff alone."

The recent Independent Commission Against Corruption inquiry had not suggested nor alleged wrongdoing by any staff member yet they had been subjected to public abuse, he said.

"While the inevitable jokes might be expected, enough is enough. Outdoor staff have been spat on and customer service centre workers have been abused over the telephone," Mr Casey said.

I add my support to Mr Casey and his staff. It is unfair and unfortunate that the front-line workers, who are the public face of the council, are bearing the brunt of public outrage and are enduring these difficulties as they try to get on with their jobs. Local government, by its very nature, seems to be a fertile area for rumour and innuendo. Many, if not most, people are unaware of or do not understand local building codes, council regulations and by-laws, zonings, the processes relating to development applications, or planning laws.

While most people would not necessarily understand the detail of all those matters, the situation can be made more complicated when councils exercise a degree of flexibility in their decisions. That is, they may compromise on some aspects of a development to gain improvements on other aspects. When all of this is put into the mix and applied to a controversial development on which there may have been strenuous lobbying for or against, and it is finally approved or refused by a close vote of councillors, it is understandable that some people may have their passions or even suspicions aroused.

My office receives numerous complaints about council issues, including developments. I imagine just about every other honourable member in this place has a similar experience. The development complaints may be about house extensions, new dwellings, home units, shops or other commercial facilities. From time to time people suggest that corruption was associated with a particular council decision. When people raise such suggestions, my office advises them that if they honestly hold such a belief they should report it to the Ombudsman's office and/or to the ICAC.

A number of projects in my electorate have been the subject of dispute and debate. A few that come to mind immediately are the proposed rezoning for high-rise development in Princess Street, Brighton le Sands, the sale for development of council-owned car parks in Brighton and Rockdale, the high-rise unit development in the heart of Rockdale, and spot rezoning for greater density to allow unit development in Wolli Creek Road, Banksia. Of course, there are also the major projects of north Arncliffe and numerous complaints about more minor-scale residential developments. The aesthetics, design and appearance of much of the recent high-rise home unit buildings are the source of many complaints.

However, the Princess Street issue generated the most concern in my district. Some allegations were serious and when they were put to me or to my office we firmly recommended that they be reported, which I

understand did happen. The upshot was that the rezoning did not take place. Because of the publicity given to a more recent development, I should put my position about it on the public record. I refer to the development in Toohey Crescent, Bexley. Radio announcer Alan Jones took this one on and I understand that the ICAC also looked at it. This development is not in my electorate even though it is in the Rockdale local government area.

Apart from referring Mr Jones' correspondence and concerns to the Minister for Local Government I have not involved myself in it. The point I want to make is that by its very nature, local government is fertile ground for the perception of corruption to flourish. I emphasise that I am talking about "perception". Through the revelation of the ICAC investigation, that perception has taken root in my community in Rockdale. In recent weeks I and my office have received more complaints and adverse comment about development approvals. Obviously the public imagination has been stimulated by the ICAC hearing. People who may have looked at a development such as one of the high-rise unit blocks to which I referred earlier and wondered how that could have been approved, now feel they have firmer grounds for their suspicions.

I want to clearly state that I am making no allegations whatsoever about any corrupt conduct. I am simply outlining the circumstances in which local people come to be in a frame of mind to perceive the possibility that all is not as it should be. I am giving voice to the rumblings and concerns that are evident in my community. Clearly, regardless of the final outcome of the ICAC inquiry, considerable work needs to be done to restore the confidence and faith of Rockdale residents and ratepayers in their local council. I have already reported on the traumas that the innocent staff are suffering in carrying out their jobs in these difficult times. However, it is not only council staff who are victims here. All citizens of the district have had their trust and confidence betrayed. People are asking how they can have confidence in the development approvals process. They query how long this sort of conduct has been going on and whether this is just the tip of the iceberg.

These doubts and suspicion in the current context are understandable, even if they are ultimately found to be baseless. We all look forward to the final report of the ICAC inquiry and hope that it will produce findings and recommendations that will provide the basis for a better future for our council and the restoration of community trust and confidence. In response to a question without notice I asked of the Minister for Local Government, on 28 May the Minister said in part:

I recognise the importance the honourable member places on honesty in local government. There is nothing more important in local government than public confidence in councillors. There are some 1,700 elected local government representatives in this State. The majority of them do a terrific job in representing the interests of the residents and ratepayers. Unfortunately, there are a few rotten apples that spoil the cart. When there is an allegation or, in some cases, proven evidence of corruption it destroys public confidence in local government. The Premier was right on the money three weeks ago when he said:

Grubby local councillors who tout for bribes for development applications are, in my view, the scum of the earth. They ought to be frogmarched out of local government.

What they do smears all the good local people who serve and who have served in local government. It betrays the trust that people have invested in them.

That same day, 28 May, the Minister introduced this bill. I congratulate him and the Premier on their swift action and on their determination to root out corruption and restore public faith in local government. This bill amends the Local Government Act to provide for the immediate suspension by the Minister, without the need for further inquiry, of councillors and council staff who are the subject of an interim or final report of the Independent Commission Against Corruption recommending their suspension or dismissal, and/or have been charged by the police for criminal offences relating to their civic duty, and/or have committed corruption.

The suspension will operate pending further action, which may include dismissal of a councillor. The Minister will issue a show cause letter to the affected person or persons, providing an opportunity for the affected person or persons to demonstrate to the Minister why he or she should not be dismissed from civic office. The power to dismiss a councillor is proposed as an option of last resort to remove a person who has been engaging in corrupt activity and has refused to resign. This power is to be exercised by the Governor, by proclamation, on the recommendation of the Minister.

The dismissal period is to be determined in all the circumstances, with a maximum period of dismissal of five years. This is consistent with the powers of the Pecuniary Interest Tribunal under section 482 of the Local Government Act to disqualify a councillor against whom a complaint has been proved from holding civic office for a period of not more than five years. A councillor may appeal to the Supreme Court under the ordinary grounds of appeal for that jurisdiction, including error of law and procedural fairness. The dismissal power is conceived as a power to protect the integrity and reputation of a particular council and the local government sector as a whole. The ICAC considers this proposal critical to the successful removal of corrupt persons from civic offices. The power to suspend a councillor or staff member, or dismiss a councillor, does not limit the taking of further action by the police or the Director of Public Prosecutions where appropriate.

The bill also proposes to allow the immediate dismissal of a local council by the Governor and the appointment of an administrator to the council where the ICAC makes a finding in either an interim or final report that systemic corruption exists within a council and recommends the removal of the council. In order to achieve a reasonable balance between the public interest and that of an individual facing possible suspension or dismissal, provision will also be made so that any councillor or member of council staff who has been charged with corrupt conduct or any other criminal charges affecting civic office and duty and who is subsequently fully exonerated of those charges in a court of law, or who has had the charges against himself or herself withdrawn or dismissed, will be automatically entitled to resume his or her former position with the council free of any penalty.

Where an entire council is suspended and an administrator is appointed to perform all the functions of the council, the restoration of democratic local governance will occur as soon as it is deemed practicable by the Government to hold fresh elections for the area. If this bill is passed, it will no longer be possible for individuals to continue in their roles as councillors or council employees, or to receive remuneration or salary, or to be involved in the day-to-day decision making of a council while waiting for the due process of law to reach its conclusion. These persons will be suspended from their positions immediately. No further inquiry process will be required prior to the exercise of the power to suspend.

The cumulative effect of the reform package will be a significant increase in the threshold of deterrence against persons holding civic office or employed by a council succumbing to the temptation to act in criminal or corrupt ways. The welfare of the community and long-term economic prosperity of the State are too important to extend any leniency to corrupt officials to seek to subvert the public institutions and values upon which our society is founded and depends. Any breach of the community's trust by a public official warrants prompt and appropriate punishment, and the legislation now before the House is striking a positive chord with all sections of the community. As I said at the outset, the revelations of bribery and corruption exposed through the ICAC inquiry shocked the community. They especially shocked my local community in Rockdale. I am certain I speak for all the people of the Rockdale district in supporting the bill and urging its swift passage through the Parliament.

Mr McGRANE (Dubbo) [11.28 a.m.]: I support the bill and commend the Minister for his prompt introduction of it. I congratulate the former Minister for Local Government, the Hon. Ernie Page, on his long involvement in local government. Those two Ministers have been able to examine the Local Government Act and move appropriate amendments to improve local government. The Hon. Ernie Page was excellent in his role as Minister for Local Government. He visited all local government areas, from the back of Bourke to the coastal areas. He was the rural spokesperson for Cabinet, although I do not think some of his colleagues appreciated his contribution during his time as Minister. The present Minister for Local Government, although not having a local government background, has brought a new facet to his ministry, which is good, as evidenced by the promptness with which this bill has been introduced.

Local government is the form of government closest to the people and thus relies on the involvement of the people. It seeks funding from both State and Federal governments. The development of any local area depends on the quality of its council, and it is most important that the community has confidence in its councillors. Those who do the wrong thing can tarnish not only the reputation of the local council but the image of the entire local government sector. There are about 172 local councils in New South Wales, which vary in size—the number of councillors does not reflect the size of the population they serve—from seven to 15 councillors. The average council size is either nine or 12 councillors. Those councillors are dedicated to their local areas and to their regions as a whole. Council staff are also extremely dedicated and professional. The introduction of contractual arrangements has enhanced the quality of those who serve local government.

Local government relies on many traditional practices, which is reviewed in legislation such as this and in the Local Government Act. Credit must go to the former member for Dubbo, who, as Minister, introduced that Act, which revolutionised the local government sector and enabled Parliament to make many necessary changes. In the olden days councils tended to work extensively in closed committee. This added to rumours of corruption, and leaks were common. Local government today is open and transparent. It responds to the will of the people—who assume that its processes are above board—thus eliminating a certain amount of rumour mongering. This bill will enable the Minister to take prompt action against councillors, staff and entire councils. That is a much-needed measure. Entire councils and all councillors and staff should not be under a cloud because one person fails to do the right thing. I commend the bill to the House.

Mr E. T. PAGE (Coogee) [11.33 a.m.]: I support the Local Government Amendment (Anti-Corruption) Bill and congratulate the Minister for Local Government on reacting so promptly to a serious

ongoing situation. I support the comments of the honourable member for Ku-ring-gai, who welcomed the establishment of the ICAC by the former Coalition Government. The first case the ICAC examined involved an engineer-town planner who worked for the then Liberal-controlled Waverley Council. That inquiry bore fruit and led to the demise of the then Liberal Premier, Nick Greiner, and his Minister Terry Metherell. So I guess the honourable member for Ku-ring-gai has many reasons to thank the ICAC.

Mr Fraser: Can you work the NRMA into your speech?

Mr E. T. PAGE: I am getting around to it; I will expand the limits of my speech. I believe no Minister for Local Government wants to sack a democratically elected council. Local government is a sensitive area in which Ministers become involved only for major reasons. I had to deal with a council when I was Minister. I offered it various options, it changed its attitude and I did not have to sack it. However, there is sometimes no other option. That case did not involve corrupt practices, but I believe the current Minister is reacting properly to current events.

The bill does not alter the principles with regard to sacking a council. At present there must be a public inquiry into allegations made against a council. This bill replaces that public inquiry with the ICAC. It is not as though this legislation will allow the Minister to sack a council for no reason: an independent body must make a recommendation to that effect. The bill will also extend existing powers to sack individual councillors. I think this is a reasonable measure and a step in the right direction as the reputation of an entire council may be damaged by the actions of one person. It would be unfair to sack a whole council because one councillor acted inappropriately.

Opposition members have expressed concern about the discretionary power that the bill affords the Minister. I dispute that that is a bad thing: in our democratic system the Minister should have that optional, discretion-making power. The entire bill is discretionary. The first part of it states that the Minister "may by proclamation"; it does not say that he must do anything. The Minister for Local Government should always weigh the arguments and consider the circumstances of each case before taking any action. The Minister also has the power to intervene if he or she believes a council general manager has not acted correctly.

The Opposition wants to make the ICAC's decision mandatory, but in taking that view it is not doing the right thing by former Premier Nick Greiner, who initiated a court case against the ICAC and had its decision upset. The Coalition refuses to accept that precedent and believes a person should get the chop on the basis of the ICAC's recommendation. I believe that decision should be left to the discretion of the Minister, who is in the proper position to act.

Ms MOORE (Bligh) [11.37 a.m.]: I support the Local Government Amendment (Anti-Corruption) Bill as a welcome first step in dealing with development-related corruption, specifically in response to the corruption identified by the ICAC at Rockdale. This bill will enable the immediate suspension of councillors or staff found involved in corruption; it will enable the Governor to dismiss for up to five years a councillor suspended for corruption; it will enable the Governor to dismiss a council where systemic corruption has been identified; and it will enable the ICAC to recommend that these actions be taken as part of its findings. The Minister for Planning has also foreshadowed changes in legislation that has not yet been introduced to Parliament that will reportedly give the Land and Environment Court the power to revoke development consents when corruption has been identified or enable profits to be seized when construction has already substantially commenced, empower the Minister to remove a council's planning powers temporarily and appoint a planning administrator, and strip Rockdale of planning powers under State environmental planning policy 1 and require it to seek permission for any variation from development controls greater than 10 per cent.

I support those proposed changes but believe they are a knee-jerk reaction to the problems identified at Rockdale. They create a perception that action is being taken without achieving real, long-term change. This reform is about the State punishing corruption if and when it is detected. It is exclusively about the conduct of local councils after the fact. What is needed is reform at a State Government level to prevent development corruption and reform of local council handling of development applications to increase transparency and accountability.

There is no mention in the current reform proposals of the complicity of successive State governments in providing increasing flexibility and lack of oversight of developers as major factors in the potential for corruption. The lack of legal enforceability for key development controls on the height and bulk of buildings allows carte blanche in decisions on development size. To promote development flexibility it is State policy to

discourage legal prescription of controls. That is, instead of floor space ratio [FSR] and heights being gazetted by the office of the Minister for Planning in local environmental plans [LEPs], they are directed into development control plans [DCPs], which are advisory only and have no legal force. That is the nub of it.

In addition, the State Government established State Environmental Planning Policy 1 to allow the varying of development standards if they are felt to be unreasonable or unnecessary. According to a report in the *Daily Telegraph* on 13 May 2002, a spokesman for the Minister said that SEPP 1 was intended for minor building alterations when it was felt that strict compliance with the planning rules may produce an absurd or poor design outcome on the development site. When SEPP 1 was introduced in 1980 minor building alterations were defined as 10 per cent or less. Anything more than that had to be referred for approval or refusal to the director-general of whatever Planning NSW was called at that time. In 1986 that was changed, via the State Government guidelines for councils on SEPP 1, to assumed concurrence. The State Government got out of overseeing the decisions of councils that massively exceeded community-endorsed development controls.

One of the measures proposed by the Minister for Planning is the temporary restoration of the 10 per cent variation limit for Rockdale council only. Why is that oversight requirement not being restored permanently for all councils in New South Wales? That would make an enormous difference. The significant role that the State could and should play in reducing the potential for corruption is not being mentioned, let alone achieved. That provokes the suspicion that the dominance of developer funding to the major political parties is a factor in an unwillingness to effectively control and oversee development as a central barrier to corrupt approvals.

I ask that development control reform be instituted to directly address the important related issues involved in overcoming corruption. That would require giving legal force to planning controls and including them in one document, repealing SEPP 1 or restoring the 10 per cent limit beyond which endorsement has to be sought from the director-general of the relevant State Government planning authority; and redefining the system of development bonuses to ensure any trade-off for community benefit is predicated on a pre-existing, community-endorsed plan. Developers will then not be able to go shopping—as they do in areas of Sydney—and offer community facilities that are not in any social plan to get another 10 storeys on their developments. That is happening right now.

Some issues regularly cause frustration for my constituents, and I ask the Minister to address them in his reply and in the legislation. They include the following. A council staff member who gives pre-lodgement support and advice to a development applicant can be captured by the interests of the developer so that residents' concerns are not given equal support or consideration. Recommendations and advice to council need to be provided by an independent council officer. The delegation of planning decisions to council staff limits public transparency and accountability, providing serious potential for abuse.

The problem is compounded when the council officer with delegated authority has also provided pre-lodgement advice to an applicant and made decisions on the extent of public notification. That is happening again and again in our councils. Something else that is happening in our councils that should be addressed by the Minister is the addition of rushed late items to council agendas, thus preventing residents from knowing when their concerns will be effectively presented and decisions affecting them made. At least a week's notice should be given for all development items at council or committee meetings.

Councils do not clearly document reasons for approval, particularly when a development is significantly at odds with community-endorsed planning guidelines and the council officer's recommendations have been amended. The reasons for a development consent should be clearly stated so that they can be independently assessed by people affected by the outcome. Enforceable advertising and notification guidelines are needed to prevent decisions being made without the input of persons affected. There is serious potential for problems when councils assess their own development proposals. An independent body, possibly Planning NSW, should assess or review all council development applications.

Last year the Independent Commission Against Corruption released a discussion paper on the corruption risks in administration of development applications by local councils. The report clearly identified major risks, some of which point to the need for a stronger legislative framework. I ask the Government to commit quickly to implementing the legislative reforms identified by the ICAC following its current consultative process. Finally, we need a complete and unequivocal ban, enforced by legislation, on developer donations and benefits provided to both staff and elected officials in State and local governments. Those measures would be a start in correcting a government-sponsored imbalance in favour of unfettered development

that creates the potential for corruption. That is a proposal put forward by the former Labor Prime Minister, and I understand that the Premier has agreed to seriously consider such a proposal. We need to enforce legislation so that we can put a stop to corruption in development once and for all.

Miss BURTON (Kogarah) [11.46 a.m.]: I support the bill. I want to say a little more about the matters referred to by the honourable member for Rockdale. I believe the unfortunate events in Rockdale council—the actions of a few that have seriously impacted on so many—is the reason for this legislation. It is imperative that we weed out corruption and deal with it. What has happened at Rockdale council has had a terrible effect on those in the Rockdale local government area. The lack of faith shown by the community in the council and, as the honourable member for Rockdale said, the reports of spitting and abuse on council officers are appalling. One can understand why the community would feel let down and hurt by such deep levels of corruption. I will speak about the matters before the ICAC when the final report comes out. However, I want to speak in this debate because more action needs to be taken to make councils accountable to their communities.

Recent events in local government, particularly the revelations of the current ICAC inquiry into the conduct of certain councillors of Rockdale council, have demonstrated that unscrupulous individuals driven by personal greed are willing to risk getting caught out by this State's tough anti-corruption and criminal laws. The recent events have also demonstrated that premeditated and planned corruption may occur on a scale that shocks the community and seriously erodes business and community confidence in local government. The extreme disarray in which our community finds itself is testament to that. There is a clear need for the Government to act speedily—and this bill does that—to deal decisively with those officials or employees who have been found to be corrupt, whether by an independent inquiry, by their own admission or because they have been charged with serious criminal offences relating to their civic duties.

The bill proposes to amend the Local Government Act 1993 to provide for the immediate suspension by the Minister, without the need for further inquiry, of councillors and council staff who are the subject of an interim or final report of the ICAC recommending suspension or dismissal, and/or who have been charged by the police with criminal offences relating to their civic duty and/or who have admitted their corruption. The suspension will operate pending further action, which may include dismissal of a councillor. The Minister will issue a show-cause letter to the affected person or persons, providing an opportunity for the affected person or persons to demonstrate to the Minister why he or she should not be dismissed from civic office. The power to dismiss a councillor is proposed as an option of last resort to remove a person who has been engaging in corrupt activities and who has refused to resign. That power is to be exercised by the Governor by proclamation on the recommendation of the Minister. The dismissal period is to be determined in all the circumstances, with a maximum period of five years.

That is consistent with the powers of the Pecuniary Interest Tribunal under section 482 of the Local Government Act to disqualify a councillor against whom a complaint has been proved from holding civic office for a period of not more than five years. A councillor may appeal to the Supreme Court under the ordinary grounds of appeal for that jurisdiction, including an error of law or procedural fairness. The dismissal power is conceived as a power to protect the integrity and reputation of a particular council and the local government sector as a whole. The ICAC considers that proposal to be critical to the successful removal of corrupt persons from civic offices. That is what it is about. It is not about tarnishing or punishing those who work tirelessly for their local government area and effectively represent local residents. It is designed to weed out those who just cannot help themselves.

The power to suspend a councillor or staff member or to dismiss a councillor does not limit the taking of further action by the police or the Director of Public Prosecutions where appropriate. It is also proposed to allow the immediate dismissal of a local council by the Governor and the appointment of an administrator to the council where the ICAC makes a finding in either an interim or a final report that systemic corruption exists within the council and recommends the removal of that council. To achieve a reasonable balance between the public interest and that of the individual facing possible suspension or dismissal, provision will also be made so that any councillor or member of council staff who has been charged with corrupt conduct or any other criminal charges affecting civic office and duty who is subsequently fully exonerated of those charges in a court of law or who has had the charges withdrawn or dismissed will be automatically entitled to resume his or her former position with the council free of any penalty. In cases of the suspension of an entire council and the appointment of an administrator, the restoration of democratic local governance will occur as soon as it is deemed practicable by the Government to hold fresh elections for the area.

If these measures are approved it will no longer be possible for individuals to continue in their roles as councillors or council employees or to receive remuneration or salary or to be involved in the day-to-day decision making of the council while waiting for the due process of law to reach its conclusion. These persons

will be suspended from their positions immediately. No further inquiry process will be required prior to the exercise of the power to suspend. If someone is under suspicion of wrongdoing that remuneration will stop. The welfare of the community and the long-term economic prosperity of the State are too important to extend any leniency to corrupt officials who seek to subvert the public institutions and values upon which our society is founded and depends. Any breach of the community's trust by a public official warrants prompt and appropriate punishment, and this bill is sure to strike a positive chord with all sections of the community. I commend the bill to the House.

Mr BARR (Manly) [11.55 a.m.]: I support the bill, which came about as a response to the recent covert operations by the Independent Commission Against Corruption [ICAC] in Rockdale council. The main point there is that people were caught. But who among us would believe for a moment that similar things are not going on around the State? The bill provides the Minister with a fast-track opportunity to get rid of councillors who have been adversely named in the proceedings of the ICAC. I raise an issue that I raised in the second reading speech on my private member's bill, the Local Government Amendment (Ethics Review Panel) Bill. The bill we are currently considering deals with corrupt behaviour where people have been caught out. None of us can argue against taking swift action against that type of behaviour. But the bigger issue facing local government and communities represented by the councils and councillors is a grey area between conflict of interest and pecuniary interest matters. That huge area is not being adequately addressed at the moment. It concerns primarily councils that are developer-controlled and that are engaging in activities about which the community expresses a great deal of dissatisfaction.

The House may remember the tenor of the large headlines in the metropolitan press not so long ago such as "squabbling councils out of order" and "our most despised councils". But they are fairly mild compared with the comments from people in the streets about their local councils at times. The confidence of residents in their elected representatives is the fundamental underpinning of our democracy. The public is disgruntled with the system which seems to reward councillors who have the skills or legal advice to sail close to the wind without quite crossing the line. And that is not addressed by this bill. The extent of the cynicism and distrust felt in the community towards local government threatens the credibility of councils as a whole, which is very unfortunate. The situation has to be improved.

I will give an example of the problems that we face. In 2000-01 the Department of Local Government received 788 complaints about councils or councillors: 168 related to pecuniary interest or conflict of interest issues. Yet only one prosecution was taken to the Pecuniary Interest Tribunal. The tribunal has not overcome the problems that we are seeing in local government areas, and we need to find another mechanism. Similarly, the role of the Ombudsman has not been adequate for the peculiar kinds of problems that face local councils. The role of the Ombudsman is to improve the functioning of government, and local government overall, rather than address the problems of individuals. The Ombudsman's powers are not set up to address the behaviour of councillors apart from through conciliation. And, where the problem is not structural but is cultural or individual, many complain that they are unsatisfied with the outcomes achieved by the Ombudsman.

I will not go through my second reading speech again but I will mention just a few points about the proposed ethics review panel. The functions of the panel would be to review the probity and ethical behaviour of councillors; to ascertain whether councillors are complying with their duty under section 439 to act honestly and exercise a reasonable degree of care and diligence in carrying out their functions; to review the compliance of councillors with the relevant codes of conduct adopted by councils under section 440; and to make recommendations and provide advice to councils on the ethical implications of their conduct; where the panel considers it appropriate, to publish recommendations and to report to Parliament regarding the ethical behaviour of councillors; and any other matters considered by the panel. Another function of the panel would be an educative one, to allow councillors to get advice on whether they should act in certain ways in relation to particular matters.

We need to address that wider issue, because this bill is very narrow. It is about what to do with people who have been caught. It should be about how to improve councillors' performance and the standing of councillors in the eyes of the public, how to educate councillors to improve their standards, and what can be done when councillors persist in behaving in a way that the community does not like, but which is not strictly illegal. The answer is along the lines of what I proposed for an ethics review panel: it has the sanction of publication. It is the publication of the conduct of councils that can adversely affect them at an election. I ask the House to support that matter when it comes back for further debate.

The front page of the *Manly Daily* contains a story about the four minority councillors on Warringah Council who denied quorum on whether the council is to pursue an appeal on the case it lost in the Land and

Environment Court. Last week I informed the House about the nature of that case and how the ratepayer and shopkeeper had been victimised and harassed by the council, and had expended more than \$150,000 on three traffic studies and various other studies, as well as court and legal costs. The case concerned the use of four car parking spaces for retail space. The appellant won on all counts in the court and the council is considering running an appeal on the legal technicality of retrospective approval under section 96 of the Act. In the event of an appeal the shopkeeper would have to fork out tens of thousands of dollars more.

Mr O'Farrell: Point of order: If the honourable member for Manly had stuck around last night he could have debated the Land and Environment Court Bill. What he is saying does not relate to the bill we are debating. I suggest you bring him back to the leave of the bill.

Mr DEPUTY-SPEAKER: Order! I am sure the honourable member for Manly was merely making a brief aside and will now return to the leave of the bill.

Mr BARR: It was not even an aside, because it strictly relates to the conduct of councils and councillors. The *Manly Daily* editorial states:

And all this goes to prove the case against Warringah Council now being investigated by the Local Government Department—that it is not acting in the best interest of residents.

After taking the point of order the honourable member for Ku-ring-gai is not even listening to what I am saying, which is highly pertinent to this debate. In addition to looking at corrupt conduct we need to look at the conduct of councillors in their more general behaviour. We should do something to control that, and this bill does not do that. I support the bill because it deals with corrupt conduct, but we also need to look at the other issues I have canvassed and which the honourable member for Ku-ring-gai seems intent on trying to protect.

Mr BARTLETT (Port Stephens) [12.03 p.m.]: It is 20 years, almost to the day, since I became involved in local government. In that time incremental legislation has chipped off some of the corrupt conduct that occurred in local council areas. In the early 1980s a local developer said at a public meeting that anyone could get any decision he wanted from Port Stephens Council for the cost of a case of beer or a bottle of whisky. A manager of one of the council's departments replied, "I'll get you to take that back". The developer said, "No, I won't." That led me to decide to do something about it, and in 1983 I stood for a seat on the Port Stephens Council, because I thought I could do a better job.

Section 102 of the Act was used to make constant changes to development applications. In 1993, when I was mayor, there was an internal investigation into the council. It was resolved that the mayor of the day would be the person to lay pecuniary interest charges against his fellow councillors. The mayor is now elected on an annual basis. I had to lay pecuniary interest charges against four councillors. Subsequently—before the establishment of the Pecuniary Interest Tribunal—one councillor was convicted and received a two-month suspension and three matters were not proceeded with. That did not do me much good the following September when I stood for re-election and the four people I laid charges against were in the chamber.

The object of the bill is to enable prompt action to be taken against councils, councillors and council staff involved in serious corrupt conduct. After 1993 the Pecuniary Interest Tribunal was established and the judge of the day, not the mayor, laid the charges. That was a great step forward. This bill is another great step forward in getting the mayors and councillors to deal with council problems. This bill will amend the Local Government Act 1993 to enable prompt action to be taken against councils, councillors and council staff involved in serious corrupt conduct and will amend the Independent Commission Against Corruption Act to allow that to happen.

The ICAC can make a recommendation regarding a suspension from council because of systemic corruption. The person involved, even the whole council, can be dismissed by the Minister, without the necessity for an inquiry. That applies also to staff, and the general manager has the power to suspend staff if he suspects corrupt conduct. If the general manager is suspected of corrupt conduct the Minister can step in. The bill has my support. It is an attempt to give the communities in the 172 local government areas of New South Wales faith in the system. That faith can be destroyed by a few rotten apples in the system, such as occurred at Rockdale City Council. Slurs against people in local government make it difficult for those who have spent their life trying to do the right thing for their community.

Mr TORBAY (Northern Tablelands) [12.08 p.m.]: I support the Local Government Amendment (Anti-Corruption) Bill because the more rules we have that specifically detail what action can be taken against

councillors involved in serious corrupt conduct the better. It is a positive measure. The bill seeks to support the overwhelming majority of people who contribute to local government in a very positive and productive way, representing their communities by making certain that there are specific rules and regulations to deal with councillors who do not contribute in that way. I have been involved in local government; I was elected to the former Armidale City Council in 1991. I was honoured to serve as an alderman—a title changed under new legislation to "councillor"—deputy mayor and mayor for almost five terms, before being elected to this honourable place.

As Minister Woods would be aware, there has been one famous pecuniary case in the New England area, which highlighted to me a number of grey areas in the law when dealing with serious corrupt conduct, pecuniary interest and other types of interest that the rules and regulations, the legislation and the law struggle with. They could not determine particular matters in specific circumstances to the extent that councillors who were prepared to disclose everything were unable to get detailed advice as to whether they should declare a particular interest or otherwise. The legislation is a substantial step forward in ensuring that we clear up a number of areas that were previously unclear when dealing with seriously corrupt conduct.

I would like to see further reforms to assist local government and local communities in every possible way. Local government is not only the closest level of government to the people, but it is increasingly taking on responsibilities that have not been traditionally the domain of local councils. There is now a process at both the State and Federal level to introduce legislative reforms and expect local councils to implement them within their local communities. With rate-pegging legislation in New South Wales those difficulties remain. Councils often raise unfunded mandates, which recently were subject to legislation that was not supported by either the Government or the Opposition. I support the bill, and I commend it to the House.

Mr LYNCH (Liverpool) [12.11 p.m.]: I support the Local Government Amendment (Anti-Corruption) Bill. One of the interesting things about the bill can be revealed if you compare and contrast the mechanism here with other mechanisms of the ICAC. The bill will allow the ICAC to recommend that consideration be given to various courses of action. In other matters before the ICAC that would involve it making a recommendation that consideration be given to someone being prosecuted. That would then be referred to the appropriate prosecutorial authority, usually the Director of Public Prosecutions, which would then determine whether to prosecute. If the matter were prosecuted it would then go before a tribunal or a court to determine whether the charge is upheld.

That process is much longer than the one contemplated in this bill, which contemplates a recommendation being made that a certain course of action be taken, then going to the Minister and the Minister taking that action. This legislation has far less regard for the rights of the person adversely affected than existing practice and procedure of the ICAC do. It is true that the other cases to which I have referred are largely criminal offences, whereas the sanctions here are not necessarily criminal. Nonetheless, they are very severe and quite substantial. That is a very interesting indication of how strong the legislation is.

That leads directly into the discretion of the Minister in taking action. It has been argued in this debate that the Minister should have no discretion and that once the recommendation is made by the ICAC the Minister is obliged to implement the recommendation. That falls down at the most obvious logical level because the recommendation of the ICAC is not that a councillor be dismissed; it is simply that consideration be given to whether the councillor should be dismissed. Removing discretion from the Minister does not achieve anything in relation to that argument. However, it is more important to remember why the words "consideration be given" are included in the bill.

The ICAC legislation, as it was originally drafted and introduced, did not have that provision. It was inserted because the Court of Appeal said it had to be. The ICAC was making simple recommendations that people be prosecuted or, in this case, dismissed from council. The Court of Appeal found that, granted the way the ICAC exists and the way it is structured, that was quite inappropriate and a breach of a whole range of things, including due process. The argument that the Minister can have no discretion and that he must automatically dismiss a council if the ICAC says that consideration will be given to its being dismissed, overturns the decision of the Court of Appeal and fundamentally misunderstands the nature of the Independent Commission Against Corruption.

It is undoing amendments that have been agreed to by both sides of Parliament and it reflects a complete misunderstanding of the law, the practice of the ICAC and the institution. It is a great pity that those who raised the argument about discretion have not had at least a little understanding about the history of the ICAC and at least a slight understanding of how the system works. In this and similar debates a lot is said about corruption in local government. Undoubtedly, there is a level of corruption in local government. The recent inquiry of the ICAC has underlined that in quite emphatic terms, and that is certainly not the only case.

It is always a cause of despair for me that although corruption undoubtedly exists and must be exposed, many councillors who are active in local government have never been and never will be corrupt. I served on the council for two terms—eight years. I saw some people and things that concerned me, and the court eventually sorted that out. But I have come across a whole range of councillors who would never think of acting in a corrupt matter. It is always a matter of sadness and despair for me that these debates inevitably focus upon those elements that are corrupt, while those who are not corrupt are inevitably left out of the equation. I commend the bill to the House.

Mr McBRIDE (The Entrance) [12.16 p.m.]: I, too, support this important legislation. I have been involved with local government for more than a quarter of a century. I was a local government engineer: I worked in local government. I was a councillor in local government, and subsequently I moved on to what some might say are better pastures. I have no doubt that over that time corruption in local government has diminished. I believe there has been an enormous decrease in corruption in council. That has happened for a whole range of reasons, one of which is that the community is now more knowledgeable and active. They participate more and they are more likely to question decisions made by council and other government bodies.

I commend all the councillors and council staff who have provided such tremendous service to their communities during their period as representatives on their council or as employees of council. The two councils in my area, Gosford and Wyong, have excellent general managers, directors and senior staff. They enjoy an extremely good reputation in the local community and also with people who deal with council. The councils are regarded as operating efficiently, being responsive, and doing a good job for the local communities. The legislation is a result of the crisis in Rockdale Council. I always take the positive attitude—I am an optimist. A crisis provides the energy and determination to introduce reform, and that is that we are doing. It is not simply a matter of a council being summarily dismissed. A whole process is involved. The amendment to the Local Government Act provides for:

- (i) The immediate standing down, without the need for further inquiry, by the Minister and the General Manager respectively, of councillors and council staff who:
 - (a) Are the subject of an interim or final report of the ICAC recommending suspension; and/or
 - (b) Have been charged by the Police for criminal offences relating to their civic duty; and/or
 - (c) Have admitted corruption.

The fact that the final recommendation has to go past the ICAC to the Minister for Local Government is important. The previous speaker made some comments about how the ICAC operates. I have had some experience in that regard. A person's character and reputation can be destroyed by a report from the ICAC. We have seen it happen before. People must understand that the ICAC does not follow the normal legal procedures: it does not reflect the law as we know it within the court system. The community does not understand that.

The community sees the ICAC as some sort of quasi-judicial organisation or, even worse, a judicial organisation, but the ICAC does not operate that way. In my area people constantly make allegations to the ICAC and say, "This councillor is subject to an investigation by the ICAC." The ICAC then says, "We cannot confirm or deny that." A cloud then hangs over not just an individual councillor but over the whole council. It would be like saying that a member of Parliament was under investigation by the ICAC, therefore everyone associated with Parliament is now under a cloud. It does not work that way, but that is certainly what happens with local government.

It is very important that it is the ICAC commissioner's final report, not just an interim report, upon which action is taken after the matter has been carefully reviewed and tested. There should be a requirement that the test measures up to the legal standard. Notwithstanding what the ICAC may recommend and determine as corruption, from experience we have found that matters emanating from the ICAC have gone to court and failed. I support the fact that the legislation contains provisions that act as some sort of brake on the ICAC. It is important to introduce these regulations so that when corruption is exposed by the ICAC we have a mechanism to deal with it. I support the bill.

Mrs PERRY (Auburn) [12.21 p.m.]: I support the Local Government Amendment (Anti-Corruption) Bill. These amendments will further strengthen the current anti-corruption provisions of the Local Government Act. Having been a local councillor, I believe that this bill will do much to restore the confidence of the community in this very important tier of government. Unfortunately, recent events cemented in the minds of many in the community that often-held perception of councillors, namely, that many of those elected to office are there to serve their own selfish interests rather than those of the community.

This belief or perception is particularly strong in communities that have councillors with backgrounds or professions in selling real estate or development and/or developing. It is a perception that is further strengthened when developments are approved contrary to limits set by legislation or the council in consultation with its community, such as a development control plan, though there may be merit in departing from the code. Unfortunately, in the same context, many in the community extend this belief to council staff. This impression is not assisted when developments in communities that appear to be overdeveloped and poor in urban design and quality are approved, sometimes against the recommendations of town planning staff.

Of course, these beliefs may have no basis at all. I have commented in a number of speeches in this House on the admirable job councillors and council staff undertake for the benefit of their communities. The community, including developers and business, rightly expects that all recommendations made by council staff and decisions of councillors have followed an appropriate process and are properly based on information and/or evidence to support or otherwise oppose a particular matter. Corruption or criminal behaviour within council should not be tolerated. These provisions will no doubt ensure that councils will undertake further appropriate measures necessary to render their organisations resistant to corruption.

The community has a right to expect and demand transparency in local government at all levels of the decision-making process by council staff and councillors. This bill will act as a deterrent to those who may potentially consider acting in a way that does not achieve that transparency. I welcome the measures contained in the bill. Many members of the community in my electorate will rejoice in this Government's resolve to ensure that councillors and council staff respect their offices and that serious consequences will follow in certain circumstances. If this bill is passed, it will provide that a council can be, or will be, stood down without the need for further inquiry after a recommendation from an interim or final report of the Independent Commission Against Corruption stating that systemic corruption exists within that council. Similarly, a general manager will have the same power with council staff.

I listened to the remarks of the honourable member for Liverpool and other colleagues. I temper those remarks with concern, particularly those relating to the executive decision-making role of the ICAC, which I do not believe the initial legislation in relation to the ICAC considered or intended. This bill provides decisiveness, which is appropriate when considering the wider public interest. That interest is put at risk every day by government decisions at all levels. This bill will ensure that appropriate measures are or will be put in place. As the Minister said in his second reading speech, "When corruption or criminal behaviour does exist it will be rooted out and the people involved punished." I commend the bill to the House and support it wholeheartedly.

Mr STEWART (Bankstown—Parliamentary Secretary) [12.26 p.m.]: I strongly support the Local Government Amendment (Anti-Corruption) Bill. Concerns have been raised in the last few months, indeed, over a longer period, about possible problems regarding unscrupulous individuals who often are driven by greed to make decisions that involve corruption, criminal conduct and other sanctions. This bill certainly deals with that by recognising that when the ICAC makes a recommendation the Government has the opportunity to act decisively on that recommendation. My electorate of Bankstown includes three local government areas: Canterbury City Council, Bankstown City Council and Strathfield Municipal Council.

I say at the outset that those councils are fantastic and serve my local community well. I know that those councils have diligent councillors who work hard to represent the community to the best of their ability. However, recent events have demonstrated that concerns are held about probity and the way certain things are handled. It is important to have in place legislation that gives this Government power to deal with these problems decisively. Corruption has the capacity to seriously erode community confidence in the local government system, and we want to ensure that it is dealt with at the source as quickly as possible. Importantly, the Government needs to act speedily and decisively to deal with those civic officials and/or employees who have been found to be corrupt, either by their own admission or by an independent inquiry, and are awaiting trial, having been charged with serious criminal offences relating to their civic duties.

Any breach of the community's trust by a public official warrants prompt and appropriate punishment. Under these measures, it will no longer be possible for individuals in the categories I have just described to continue as councillors or council servants, to receive remuneration or to be involved in the day-to-day decision making of the council while waiting for the due process of law to reach its conclusion. This legislation comfortably and adequately deals with that situation. I commend the bill to the House.

Mr WOODS (Clarence—Minister for Local Government, Minister for Regional Development, and Minister for Rural Affairs) [12.28 p.m.], in reply: I thank all honourable members who participated in this

debate and I welcome the Opposition's support for the bill. This bill is crucial to protect the good name of local government. As I told the shires conference earlier this week, events at the ICAC unfortunately have tarnished reputations in local government, which is a terrible shame. When allegations, and in some cases evidence, of corruption are proven, public confidence in local government is destroyed. I would like to address some of the issues raised in the debate. The first is a suggestion from the Opposition that the Minister must suspend a councillor or council staff member rather than the discretionary "may". The discretion is important for a number of reasons. If the Minister must adhere to the ICAC recommendation, it would be a mere rubber stamping and could be open to challenge. It is important for reasons of natural justice that the Minister have a role in considering the ICAC recommendation.

The proposed legislation states that a suspension can also occur if a councillor admits serious corrupt conduct. However, it may be the Minister's view, and that of others, that the conduct does not fall within the purview of the Independent Commission Against Corruption Act 1988. The Act outlines a range of matters that can be described as corrupt conduct. It is a value judgment for the ICAC and others to make as to whether the conduct exposed is corrupt conduct. Because it is a disciplinary action, care needs to be taken to ensure both that the conduct of the councillor is corrupt, as defined under the Independent Commission Against Corruption Act, and that the corruption is serious. If the Opposition amendment were to succeed, a councillor could admit serious corrupt conduct and the Minister would have no choice but to suspend without any value judgment by the Minister or others, such as the ICAC, as to whether the conduct was indeed serious corrupt conduct.

Section 440C (1) (a) states that the ICAC can recommend that consideration be given for the suspension. The ICAC cannot instruct the Government to suspend but it can ask it to consider such a recommendation. Once again, to ensure fairness, it is important that the Minister be given the opportunity to consider the ICAC's request rather than having to automatically suspend a councillor. This should also apply where a general manager is called on to consider an ICAC recommendation to suspend a council employee. The general manager also must have regard to industrial relations law.

Another matter raised relates to the five-year disqualification period. The Opposition should note that chapter 10 of the Act, not chapter 16, provides a disqualification period of seven years. But this provision is for repeat offenders: for example, a councillor who has already been disqualified under the Act but again holds civic office during the disqualification period. This proposal is also consistent with the power of the New South Wales Local Government Pecuniary Interest Tribunal, which can disqualify a councillor for up to five years. Finally, I note the comments of the honourable member for Ku-ring-gai in which he suggests instances where the general manager may not exercise his or her functions in relation to the suspension provisions. I point out to the honourable member that the bill addresses this point by giving the Minister the power to intervene if he or she is of the view that the matter was not dealt with appropriately by the general manager.

Motion agreed.

Bill read a second time and passed through remaining stages.

LOCAL GOVERNMENT AMENDMENT (MISCELLANEOUS) BILL

Second Reading

Debate resumed from 28 May.

Mr WEBB (Monaro) [12.34 a.m.]: The Opposition generally supports the Local Government Amendment (Miscellaneous) Bill. This is an omnibus amendment bill that addresses several important issues. They include council meeting procedures, plans of management for community land, council ward boundaries, water supply matters, and dismissal provisions for councils. The Opposition supports the majority of the amendments as I understand that councils themselves called for the changes. Many of the amendments make administrative improvements, especially those relating to community land. The Opposition commends the Government for these amendments as they go some way to streamlining the bureaucracy created by the original community land legislation.

The bill also endeavours to achieve a greater degree of transparency and accountability in the way that local government operates. This has been the result of a number of situations with individual councils over the past 12 months. The Opposition supports new section 191A, which proposes that the powers of entry be extended beyond the power of council officers to enter premises for inspections, to provide that a council

employee, or other person authorised by a council, may enter any premises to carry out water supply work, sewerage work or stormwater drainage work on or under the premises, being work that the council is authorised to carry out. This amendment deals with the power of entry of council officers in specific cases where the council has responsibility for water supply, such as county councils and the Wyong and Gosford councils.

The amendment brings the powers of entry of council officers into line with the powers given to electricity and general water authorities. Where the powers of entry are utilised by a council to undertake work they are authorised to do, and damage to a property results from that work, the Opposition anticipates that private property owners would receive adequate compensation for any damage caused by the work.

The Opposition supports new section 210A, which provides for the consultation, public notice, and exhibition of proposals regarding ward boundaries. The amendment provides that a local council must keep under review its ward boundaries, and alter them if the number of electors in a ward differs by more than 10 per cent from the number of electors in any other ward in the council's area. From experience this will cause general managers certain headaches in keeping track of population numbers and their variations. It will also present problems in defining new ward boundaries. However, to ensure adequate and fair representation, I agree with the Opposition's support of new section 210A.

Before any ward boundaries are altered, the local council must consult with the Electoral Commissioner and the Australian Statistician. It must also prepare a plan detailing the proposed changes and place it on public exhibition. The amendment requires councils to provide 28 days public notice of a proposal to change the number of wards or to alter the ward boundaries, and to allow 42 days for the lodgment of written submissions by members of the public in relation to the proposal. This is consistent with public notification and consultation under the Local Government Act for other purposes. I note that some councils do not have wards, but the section would apply if a council chose to introduce wards.

The Opposition supports new section 40A, which provides for the categorisation of community land under the Local Government Act 1993 and clarifies when a public hearing is to be held in relation to a draft plan of management. A public hearing must be held if a draft plan of management has the effect of categorising or altering the categorisation of community land. A public hearing is not required when the proposed changes only relate to the further categorisation that is required of natural lands. This amendment has the effect of removing the time-consuming and unnecessary administrative processes associated with community land.

Another amendment concerning community land is proposed to allow councils to grant an easement for wholly underground pipes for the purpose of connecting premises adjoining community land to a facility of the council or other service provider. This essentially simplifies the administrative processes relating to the granting of an easement, because notification of the easement would not have to be included in a revised plan of management, which would then have to be placed on public display. It is a commonsense amendment and, as I said, goes some way to addressing the problems created for councils and ratepayers alike by the original community lands legislation.

The amendment concerning sites of Aboriginal significance is important; it relates to the ability of a council to keep confidential the location of such sites. In this instance, a local council must consult with the appropriate Aboriginal community regarding public access to, and the use of information regarding, sites of Aboriginal cultural or historical significance on community land. The Opposition supports this amendment as it is designed to protect Aboriginal sites and any artefacts or paintings that may be part of that site from intentional or unintentional misuse or damage.

The Opposition welcomes the amendment concerning meetings, which is designed to clarify the provisions for leave of absence from council. The amendment proposes that if a councillor is absent, with or without leave, from the ordinary meetings of a council for any period of more than three months, the council must not pay any fee, or part thereof, to that councillor. The amendment also provides that a councillor may seek, and be granted, leave from a council meeting at the meeting concerned and may seek that leave in absentia.

I understand that this amendment resulted from a situation at Queanbeyan City Council—which is in my electorate—where a former councillor was absent from three meetings following the granting of eight months leave. Her position on the council was declared vacant and a by-election was held. Another amendment relating to meetings provides that council meetings must not be closed to the public simply because personal matters concerning a particular councillor are discussed. The amendment is designed to ensure that council meetings are conducted in an open and transparent manner.

We support the amendment regarding regulatory functions and streamlining certain approval processes. It will allow a council to send a notice to a person who has been granted an approval to operate a system of sewerage management to invite that person to renew the approval. If the application fee is paid, the person will have been considered to have made an application to renew the approval in the same terms as the original approval. This amendment essentially aims to streamline the approval process by removing some of the red tape. Many members will be aware that on-site septic management is a real concern to many councils and ratepayers across the State.

Another amendment will allow a council to retain any moneys, penalties, fines or forfeitures imposed for a contempt or court order in relation to offences under the Local Government Act 1993. The Opposition supports amendments to management plans that will allow additional matters to be prescribed by regulation and included in council plans of management. However, we ask the Minister to provide, before the completion of this debate, a list of what matters can be prescribed by legislation. Members must know what those matters are as we will not get a substantive chance to examine and debate the actual regulation. Another amendment provides that the function of adopting a council's general management plan cannot be delegated to an officer of the council and must be considered by the council at a general meeting. The Opposition supports the amendment concerning auditors, which has the administrative purpose of clarifying that the reappointment of council auditors will be subject to tender. This is appropriate, as I understand that some concern has been expressed about this matter.

The Coalition is concerned about one aspect of the bill. The amendment regarding the dismissal of a council in limited circumstances provides that, in the 12 months following the fresh election of a council that was previously under the control of an administrator, the Governor may declare all civic offices in that council vacant. This may be done on the recommendation of the Minister, but only after a departmental investigation. Any councillor or staff members referred to in the final report of that investigation must be given the opportunity to respond prior to a final recommendation being made. The Minister's office has indicated that this is a pre-emptory move to ensure that persons do not seek to be elected, or to have someone elected on their behalf, to a council from which they have been dismissed simply in order to disrupt the council's operations once again. To my knowledge, this has not occurred to date, and I ask the Minister to address this concern and provide some concrete examples in that regard.

The Local Government and Shires Associations are concerned about the inclusion of this provision, believing that a full public inquiry should take place to ensure that the process is transparent. This amendment appears to have been formulated in response to the dismissal of the Bega Valley Shire Council. In that case some of the dismissed councillors continued to agitate against the work of the administrator and, when fresh elections were called, several former councillors sought re-election to the new council. I understand that two of them were elected but I do not know whether they were involved in the previous agitation or whether their presence was therefore detrimental to the working of the new council. About half of Bega Valley Shire is in my electorate and I am aware of the activities of the former council, the subsequent inquiry, the appointment of an administrator, and the events that led to the election of a new council, members of which visited this Chamber a couple of days ago.

The Opposition is concerned about this amendment because it acts as a disincentive to dismissed councillors seeking re-election. In some cases the fear of dismissal may dissuade genuine candidates from standing for election. I again ask the Minister to give specific examples to illustrate his concerns and the necessity for this measure. As mentioned above, the Local Government and Shires Associations oppose this provision on the grounds that a full public inquiry should be held first. I would like the Minister to explain why this amendment is necessary. Can he give examples of where that situation has arisen or can he confirm to the House that he is trying to scare potential candidates from seeking election to a council that was previously dismissed?

The Opposition generally supports the amendments in the bill, apart from our concerns about the amendment dealing with the dismissal of a council in limited circumstances. The bill is designed to make councils more open, transparent and accountable to their constituencies. The Opposition fully supports that aim. The bill is also designed effectively to remove the needless administrative processes surrounding community land, thereby streamlining the bureaucracy by making administrative processes more efficient and less time consuming. This is at least the fourth time that Parliament has considered changes to the community land provisions of the Local Government Act, which is probably a fair indication of the problems that the original legislation caused.

The Coalition hopes that the Minister will do what should be done about the community lands provisions in the Act: review the entire relevant section rather than reappear in this place year after year with

community lands amendments that form part of a larger amendment bill. It is about time councils knew once and for all their obligations regarding community land. The Coalition is pleased that the Minister is streamlining many administrative procedures and removing red tape from everyday council operations. However, we look forward to hearing the Minister respond to the Opposition's concerns when he replies to the debate.

Mr McGRANE (Dubbo) [12.48 p.m.]: I support the Local Government (Miscellaneous) Bill, which makes necessary changes to the Local Government Act. Local government is the form of government closest to the people, and the credibility of any local government area depends upon the credibility of its council. In the main, those involved in local government are totally dedicated to the cause. However, dealings behind closed doors tend to create rumours in the community. Council conduct should be open, and this bill will help to ensure it is. I think most council meetings are totally open now; it is only occasionally, for various reasons and various interpretations of the Act, that the mayor or the general manager, with the majority agreement of the council, will move that the meeting be closed.

I was involved in local government for 28 years, as a councillor, a shire president, an alderman, and a mayor. I have also been involved heavily with the Local Government Association for eight years and the Shires Association for eight years, so my life has somewhat revolved around local government. It has been a really rewarding experience. At times rumours have circulated and things have been said about a council because it has tended to operate behind closed doors; closed meetings seem to encourage the rumour mongers. That is alleviated if the council always meets in open session.

At one time I was the shire president at Gilgandra and I also owned the local hotel. Invariably, no sooner would I return from a closed meeting of the council than I would hear someone at the hotel speaking about what the council had discussed or what that person thought the council had discussed. People who leak information tend to think that nobody will know who leaked it, and that tends to spread innuendo, which is almost always incorrect. So if meetings are open to the general public, there is no innuendo. People do not talk about things that are discussed in the public domain, because they feel that everybody knows all about them. That is the way it should be. It stops the community getting the wrong impression about their local council. I commend the Minister for introducing the bill.

Mr WOODS (Clarence—Minister for Local Government, Minister for Regional Development, and Minister for Rural Affairs) [12.52 p.m.], in reply: This bill reflects the Government's commitment to ensuring an appropriate and effective legislative framework for the administration of local government in New South Wales. It demonstrates that the Government is responsive to the concerns of local councils and the community about the operation and accountability of local government. These proposals are responsible and workable. They maintain and promote the values of open and accountable decision making and will assist local councils in providing good local administration for the benefit of their communities.

No matters are listed to be prescribed by regulation for inclusion in a council's management plan. However, the plan may include matters such as bushfire hazard reduction or flood mitigation. This process simply streamlines the current process while maintaining transparency and the opportunity for debate. The provision relating to the dismissal of a council within 12 months of an initial dismissal is to encourage councils not to act in a way that would lead to an initial dismissal. Public inquiries are a lengthy and costly process for the community, and if a subsequent council were to engage in similar conduct to that which led to the initial inquiry, a second inquiry would only be a repeat of the first inquiry and would therefore be largely worthless. These amendments will enable councils to operate more efficiently and effectively. The Government continues the process of improving the legislative framework that empowers this important level of government, and I commend the bill to the House.

Motion agreed to

Bill read a second time and passed through remaining stages.

WESTERN LANDS AMENDMENT BILL

Second Reading

Debate resumed from 4 June.

Mr D. L. PAGE (Ballina) [12.54 p.m.]: I lead for the Opposition on the Western Lands Amendment Bill. The Opposition will not oppose the bill, and I thank the Minister for providing a briefing to me and other

members whose electorates are wholly or partly in the Western Division. I make the initial observation that this bill has been some four years in the making, so a lot of work has gone into it. I think it is somewhat of a shame that the bill was only second read a couple of days ago and we now have to debate it without sufficient time to consult with the community. Having said that, there has been a lot of consultation in the past and the Coalition will not oppose the bill. As the Minister said in his second reading speech, the Western Division represents some 42 per cent of the total land area of New South Wales. The Liberal-National Coalition recognises the importance of the Western Division and its significant contribution to the State of New South Wales.

Mr Black: Hear! Hear!

Mr D. L. PAGE: I see I have heated agreement from the honourable member for Murray-Darling. The Western Division generates in excess of \$1 billion in earnings each year, and is home to more than 50,000 people. The climate of high summer temperatures, low and erratic rainfall and evaporation rates that greatly exceed rainfall, together with the vast area covered by the division, ensure that its residents are confronted by challenges that are not faced by the rest of the State. The Coalition recognises that legislation governing the Western Division must contain provisions that allow the businesses and residents of the Western Division to overcome these challenges.

The Coalition will not oppose the bill because we believe that it will improve the administration of the Western Division through the formation of a legal road network, the implementation of a more equitable and consistent method of determining annual rents, and the power for some types of leases to be converted to freehold title. These amendments will modernise the operation of the Western Lands Act and benefit farmers and residents of the Western Division alike. However, the Government cannot really claim the credit for the improvements this bill will make to the administration and management of the Western Division. I wish to congratulate the residents and land-holders of the Western Division who, through organisations such as the NSW Farmers Association and the Pastoralists Association of West Darling, have lobbied the Government for several years to reach this point.

Mr Black: Don't forget the mayors.

Mr D. L. PAGE: The mayors have had a role in helping to bring this legislation to what I think is a commonsense conclusion. The process that ultimately led to the introduction of the Western Lands Amendment Bill was initiated by the previous Minister for Land and Water Conservation in March 1998—over four years ago. The Western Lands Review, conducted by the Hon. John Kerin, was completed in 2000. John Kerin was gracious enough to provide me and other Opposition members with briefings along the way and we certainly wanted, if possible, to be part of a bipartisan approach to reform in the Western Lands Division.

Throughout the review and the subsequent drafting of the bill, these organisations have worked hard to ensure that any legislative changes will be beneficial to land-holders and the division as a whole. The Coalition has been advised that the Government has adopted the recommendations of these organisations in drafting the Western Lands Amendment Bill, and that the bill will benefit the residents of the Western Division. It is for this reason that the Coalition will not oppose the bill. We have also been advised that the current Western Lands Advisory Board does not oppose the bill.

The creation of a formal network of roads and rights of way in the Western Division will be a great step forward. There are virtually no roads in the Western Division that are currently declared lawful. The lack of an official roads system has caused a number of problems, including public liability in the event of an accident and the uncertainty about access rights. Without a lawful road network, people travelling through the Western Division were able to venture onto roads that were nothing more than private tracks, with the result that gates were often left open and sheep and cattle from neighbouring paddocks and leases were boxed, creating significant extra work for farmers.

I am pleased that this bill will formalise the public road network through the Western Division so that such uncertainty will be avoided. I am pleased with the provision in the bill that allows the creation of easements for land-locked leases. Lessees must have access to their leases. The creation of those easements appears to be a sensible way of facilitating this access. The easements will also allow lessees to erect signs to clearly state who is permitted to use the easements, and, as such, will allow leaseholders greater control over the people travelling through their properties. The Government has assured me that the creation of the legal road network through the Western Division will not increase the road maintenance burden of local government within the Western Division. The Coalition will monitor that assurance and will push for increased funding for any local government body that ends up with extra road maintenance responsibilities.

The new system of determining annual rents proposed in the bill is a step forward for the Western Division. The previous system had become outdated and inequitable and was in need of change. I understand that the Department of Land and Water Conservation has worked closely with the NSW Farmers Association to develop the model included in the bill. I commend the department for including the major stakeholders—that is, the farmers—in the process of designing the new rental system. The current system provides many inequities: land-holders in some cases could be paying 30 times the rent of a neighbour carrying out similar rural activities. That is clearly a nonsense.

Western lands lessees have acknowledged the anomalies in the current system and the need for rental reform. As a result of community consultation, a new scheme has been developed whereby rents are related to the size of leases and the type of land uses, with different rates for grazing, dry land cultivation and intensive agriculture. An important feature of the scheme is a rebate for areas that are managed for conservation purposes. It seems to me that the new scheme will achieve the key outcomes of fairness, simplicity and transparency. Under the new scheme like will be treated with like. Lessees will have certainty about rent and the scheme will be cheaper to administer. I have had discussions with the chairman of the Western Lands Advisory Board, Ralph Hunt. He described the new rental arrangement as complex but fair. I think that is a fair description. It is somewhat complex in the arrangements for working out the rent but it does provide a fair system. It will address the inconsistencies and will provide a certainty that was not there before.

I acknowledge that the total amount of rent generated by the new model will be equal to the amount currently collected from rent for leases in the Western Division—in other words, it will be revenue neutral. I emphasise to leaseholders that the total rent collected from the Western Division will increase at only half the rate of the consumer price index [CPI] each year. That is a good concession, bearing in mind that most leases increase at the full rate of the CPI increase. That represents an acknowledgment of the special circumstances that exist in the Western Division. It is also good that the formula incorporates a component to allow for a rental rebate for land managed for rehabilitation. It has long been Coalition policy to offer incentives for conservation rather than applying the regulatory, big stick approach. I am pleased that this policy has been adopted in the formula for calculating rents for leases in the Western Division.

The Coalition is also pleased to support the provision in the bill to allow certain types of leases to be converted to freehold title. The Western Division is a special place and it is home to special people. Many of the farms in the Western Division have been operated by the same family for several generations, and it is appropriate to allow such people the opportunity to have freehold title to the land on which they earn a living. As I said, the Coalition does not oppose the bill; we support it. In a way it is a shame that we have not had more time to consider it a little more closely. But I know a lot of work has gone into it. I again acknowledge the contribution of NSW Farmers, John Kerin and his review team, the Pastoralists Association of West Darling and all those who have worked diligently to bring about a solution to a fairly complex issue. I commend the bill to the House

Mr BLACK (Murray-Darling) [1.04 p.m.]: I thank the honourable member for Ballina for his glowing comments about my electorate. One day I hope to have the privilege of returning those comments about Ballina—if I ever get to go there. I will speak on this topic again in the next week of sitting, the third week in June, when I will deal with some of the matters in detail that have been referred to by the honourable member for Ballina. At the outset I want to thank a series of people. First I thank my coalition colleague the Minister for Land and Water Conservation for leading the debate. City Labor has been persuasive in its support for the bill. I also thank an outstanding member, another colleague in city Labor, the Hon. Richard Amery, the former Minister for Land and Water Conservation. He gave me virtually unfettered, as it were, carriage of the bill. More importantly, he and his ministerial office gave me total support at times when the department did not support what is in the bill.

I place on record my appreciation of the work of Graham Morphett of the Western Division of NSW Farmers. I will come to issues dealing with the Western Division of NSW Farmers in a few moments. I place on record my appreciation of Jake Bartholomaeus, the president at the time this bill was prepared of the Pastoralists Association of West Darling. I of course acknowledge the endeavours of the members of both of those organisations. There was a long consultation period but they have been to the fore on many issues. I think the Minister referred to the department receiving about 200 submissions but I also have received about 200 submissions in this matter. The Minister might consider having those incorporated into the records for posterity. Had I had a chance to speak to the honourable member for Ballina previously, I know that he would have mentioned the 10 pastures protection boards involved. They have been absolutely germane to the character of the bill and have fully supported consultations during the entire process.

A leading role has been played by the Western Division mayors. The honourable member for Ballina was kind enough to refer to the Western Division having some quite extraordinary characters. These mayors are indeed quite extraordinary characters. I mention first Jenny McLellan, the Western Division president from Brewarrina, who has had a great deal of input into this bill, as have the following mayors: Wayne O'Malley, Burke; Angelo Pippas, Brewarrina; Ray Longfellow, Central Darling; Ray Donald, Bogan; Lillian Brady, an extraordinary character and senior vice-president of the Western Division from Cobar; Mick Rutledge from Hay; Allan Purtell from Balranald; Athol Roberts from Carrathool; and Don McKinnon from Wentworth. Without their leadership there is no question that this bill would not be in its present form. I return to Graham Morphet. I ask the Opposition to listen to this message that was sent to me on 22 November 2001 because it eloquently sums up the bipartisan approach taken:

... agriculture does have a sustainable future out West. This will only be achieved if landholders (ie leaseholders) and governments learn to trust in each other's special management skills. A partnership must be developed between the two major stakeholders. Landholders (leaseholders), the physical land managers, must have the flexibility to bend and adapt to the erratic seasonal and commodity conditions of the Western Division. Government must adopt policies and administration that allow this flexibility to be taken up by leaseholders in a responsible way. A resultant "fair return" can be achieved by the Crown—not necessarily in monetary values through rentals, but in having 42% of NSW well-managed by landholders (leaseholders).

As the honourable member for Ballina mentioned, the bill was initiated by the former Minister for Land and Water Conservation in March 1998. We have come a long way since March 1998. There has been a four-year consultation process culminating in John Kerin's report and further consultations with key groups, NSW Farmers, the West Darling Pastoralists Association, rural lands protection boards and the mayors. In March 1998 the former Minister for Land and Water Conservation, the Hon. Richard Amery, announced that there was to be a Western Lands Review. Its terms of reference were:

- review and report on the effectiveness of the operation of the Western Lands Act and associated Acts on the management of western lands.
- identify issues which impact on the long term sustainable management of western lands addressing economic, social and environmental outcomes
- recommend actions required to implement sustainable management and use of the western lands resources including appropriate legislation, institutions and tenure agreements.

That review was conducted by John Kerin and he presented his final report to the Minister in late December 1999. The report was published in April 2000 and went first to the West Darling mayors at their 2001 annual general meeting at Moree. I acknowledge that the honourable member for Barwon attended that meeting. The honourable member for Barwon and I evinced our bipartisanship support for the bill at that meeting. It was a long meeting—it went for well over an hour, which is a long time for an annual general meeting. Outstanding matters such as rentals were addressed. I will refer to that matter in greater detail at another time.

Following the meeting I was invited to attend the sixty-ninth annual Western Division Rural Lands Protection Boards and Graziers Conference at the Musicians Club, Crystal Street, Broken Hill, on 14 and 15 March. I had the honour of opening the conference and took the opportunity to talk about the recommendations made at the meeting of the West Darling mayors. Again, each of the ten boards gave support for the recommendations. On Tuesday 27 March 2001 I attended and opened the NSW Farmers Association Western Division Council annual general meeting at Menindee. On that occasion I again took the opportunity of addressing the recommendations of the Kerin report. Again, unanimity was achieved across the broad spectrum of New South Wales farmers.

In the interests of the Western Division a bipartisan broad-brush approach has been taken to the western lands review. A letter from NSW Farmers dated 27 February 2001 expressed the support of the association for the report. The most important meeting during the consultation process relating to the drafting of the bill was held at Ivanhoe on 4 September 2001. That meeting was attended by all the relevant mayors. Also in attendance was a raft of people including Graham Morphet, representing the NSW Farmers Association, and Jake Bartholomaeus, representing the West Darling Pastoralists Association. I was privileged to chair the meeting. We are proud of the Western Division, and to be part of the leadership in the forward march of the Western Division is a singular pleasure.

Many recommendations were implemented following that meeting. On 4 April the recommendations were subsequently taken to Cabinet by the Minister for Land and Water Conservation. They were circulated on 6 April. A list of reasons for the 57 recommendations contained in the Kerin report was circulated. Recommendations 39 to 43, which concerned rental, were put to one side. However, we embraced the three-tier structure proposal alluded to by an earlier speaker on the basis that a grazier in my electorate who wanted to carry an economic number of sheep, say 15,000 sheep or sheep equivalents, would need 160,000 acres.

However, the inside country on the West Darling runs one sheep to 15 acres and further south graziers can run more than one sheep per acre. That sounds incredible, but it does happen. Generally the carrying capacity is a great deal less than that. The advisory committee will report to our esteemed Minister, a great member of city Labor who supports Country Labor. Do honourable members believe that in the west we have gone past pigeons and we actually have telephones? We conducted a teleconference with a representative of the former Minister about the composition of the advisory committee. That reflects great progress.

The advisory committee will comprise one independent chairperson—we all agreed to that—who will report to the Minister. The Western Lands Commissioner will also be a member of the committee. I supported that proposition in toto, although some questioned whether the commissioner should be on his own committee, as it were. I referred to Geoff Wise, and as I understand it, this is his job security. The committee will also comprise one representative for each of the two catchment management boards, two Aboriginal representatives, one representative of the Minister for Agriculture, one representative of the Minister for the Environment, two members of the NSW Farmers Association, and one member from the West Darling Pastoralists Association to be drawn from the district, not someone sitting in a tower in the city.

On the committee will also be one non-aligned grazier or primary producer and two representatives from the Western Division Shires Association. That is an important evolution, because at the end of the day we are dealing with urban blocks as well as rural blocks and with a vast cross-section of matters relating not only to leaseholds in the bush but also to factors affecting towns. The final member will represent the environment protection groups. We have to have one environment group representative, but I hope and pray it is a sensible person, someone from the west of New South Wales. I will leave further matters to the time I deal with each recommendation in seriatim. I thank the Leader of the House for allowing me to say something about my great electorate.

Mr SLACK-SMITH (Barwon) [1.19 p.m.]: The Opposition has pleasure in supporting the Western Lands Amendment Bill, which amends the Western Lands Act 1901. Western lands cover 42 per cent of New South Wales, support 50,000 people and create \$1 billion worth of produce every year. The area is administered by 10 rural lands protection boards and a number of councils to which the honourable member for Murray-Darling referred. At the Moree meeting that was alluded to by the honourable member for Murray-Darling we agreed that we would take a bipartisan approach. At that time I was the shadow Minister responsible for western New South Wales. The western division is a special area of New South Wales. We agreed that we wanted the best possible deal and the best possible outcome for the people in the western division. The amending bill goes some way towards that. I will not go into the provision in the bill relating to rent determinations because they are complex; they are also very fair. The person who endorses the legislation most wholeheartedly is the Hon. Ralph Hunt, to whom the honourable member for Ballina referred.

The bill establishes the Western Lands Advisory Council to advise the Minister on the administration of the Act, extends the powers of delegation that may be exercised by the Minister and the Western Lands commissioner and relaxes the restrictions that currently apply to transfers and other dealings with respect to lands held under a western lands lease. It is important to note that public roads in the western division have been a problem because we did not have any. Roads were formed after a period of use. It is important to remember that we now have a number of official roads. When the legislation is passed I will insist that the Minister for Roads ensures that funding is available to fix the roads. The honourable member for Murray-Darling and I know that some of the roads in the Western Division are very ordinary.

The honourable member for Murray-Darling covered a lot of what I intended to say, but it is important to note that the Western Lands Advisory Council will consist of 14 members appointed by the Minister: two being nominees of the Western Division Council of the NSW Farmers Association; one being a nominee of the Pastoralists Association of West Darling; one being a person who is independent of each of the associations referred to in subparagraphs (i) and (ii) of new section 8B (2) (a); two being appointed to represent the interests of local councils, each being a nominee of the Western Division Group of the Shires Association of New South Wales; two being appointed to represent the interests of Aboriginal people, of whom one is to be appointed on the nomination of the New South Wales Aboriginal Land Council; one being appointed to represent the interests of environmental protection groups; one being appointed to represent the interests of catchment management roads; one being appointed to represent the interests of the Minister for the Environment; and one being appointed to represent the interests of the Minister for Agriculture.

I urge the Ministers to ensure that members of the Western Lands Advisory Council come from the western division, and that the emphasis on economic and social issues are not clouded by environmental

considerations. Perhaps the Ministers should reconsider water committees, native vegetation committees and environmental committees in other parts of New South Wales whose agenda has been run from Sydney by extreme groups who do not have the interests of regional areas at heart. The Ministers should ensure that this template of the Western Lands Advisory Council is used in other areas.

This is a good day for the western division. The legislation has been sitting on the Minister's desk for 18 months. He has had plenty of time to mull over it. The sooner it passes through this House the better. It is a fair deal for the people of the western division. When the Hon. John Kerin was appointed to conduct the review, the honourable member for Murray-Darling and I got together and decided that we wanted to get the best deal possible for the people in the west. Part of the Western Division, for which Brewarrina and Walgett councils are responsible, is in the north-east section of my electorate. The legislation is an example of the stakeholders—and only the stakeholders—getting together to make things work. The agenda has not been run by the extreme greens in Sydney, but by those who live in the western division.

Ms SEATON (Southern Highlands) [1.26 p.m.]: Along with my colleagues I support the Western Lands Amendment Bill. I acknowledge the hospitality extended to me by the honourable member for Murray-Darling on the two occasions I have had the pleasure of visiting the western division. I learned a great deal from my visits. On both occasions I visited his electorate in my capacity as shadow Minister for the Environment. On the first occasion I was there for only a couple of days. I visited the Scotia Earth Sanctuary, which was then part of the Earth Sanctuary group. I was absolutely captivated by the native flora and fauna in the western division. It was my first experience of the Far West of New South Wales. I was extremely impressed with the job that the Earth Sanctuary people were doing to preserve some of our endangered species. I commend them for their work. I also commend their strategy, which involves a particular type of feral-proof fencing.

I would like the National Parks and Wildlife Service to consider that fencing, where appropriate, as a management tool to try to at least allow groups of native animals to recover in numbers sufficient that they have a chance against the feral predators that are such a feature of our landscape, whether they be on Crown land or private land. The second visit was with the Hon. Tom Lewis, a former member of this place, who has an enormous affinity with the Western Division. I cannot think of anyone I met during that week in the Western Division who did not know Tom Lewis in some way or who did not know of him. Despite the fact that he had grown up in South Australia and lived in the Wollondilly area, which is now part of my electorate, Tom Lewis had great affinity for that area, partly because members of his family were property owners in the northern part of South Australia.

I spent a week with Tom Lewis visiting the national parks that he helped create. It is often easy to overlook the fact that one of the great contributions that Tom Lewis made to conservation in New South Wales was the identification of the need to protect native animals and plants in an area of the State that was often forgotten and neglected. The scenery in the national parks in that area of the State is not the sort of mountain scenery or coastal scenery that is often in people's minds when they think of national parks. But those national parks are every bit as important. Indeed, they are even more important and unique than some of the other places we seek to conserve, simply because we have not done enough to protect them. A large land area needs to be conserved to appreciate the effect that might be achieved in conserving a smaller area in a different ecosystem. I visited Sturt National Park with Tom Lewis who showed me part of the dingo fence. I was also able to meet a number of the leaseholders who for many years have been instrumental, with Tom Lewis and others, in setting up the dingo fence and ensuring its maintenance.

I developed an understanding of the importance of the dingo fence to pastoralists in the Western Division and was persuaded by concerns they expressed that the National Parks and Wildlife Service might be considering promoting the idea of reintroducing dingoes into Sturt National Park. I for one would be arguing strenuously against that proposal. Dingoes are a top-end predator, and their reintroduction into an area that is already under pressure in preservation of smaller native animal species defeats the whole purpose of the national park. Moreover, the whole purpose of the dingo fence is to keep dingoes out of pastoral areas. I sincerely hope that the service does not proceed in that direction, but before the National Parks and Wildlife Service takes the idea any further, the introduction of feral-proof fencing should be explored.

I also spoke to a number of land-holders whose families have lived in the area for many generations. They showed me photographs and documents outlining the history of the land, the cycles of drought, the enormous rabbit plagues between the wet periods, and the devastation wreaked by those plagues. At the very least during that week I was able to develop a very small but important understanding of the land management issues faced by people living in the west of this State. I visited Fowlers Gap Arid Zone Research Station and

was fascinated by the many trials being conducted by academics, such as research into the effect of increasing numbers of kangaroos upon pastoral resources. I visited Mutawintji National Park and Kinchega National Park and was absolutely captivated by the landscape. I was also interested to meet traditional Aboriginal owners who, in conjunction with the National Parks and Wildlife Service, are making progress in managing those very important lands and Aboriginal sacred sites.

Landowners mentioned to me that they were very keen to see the western lands review draw positive conclusions. Earlier they had been concerned about the review going on for some time, but I am pleased that is the review has resulted in legislation which, when enacted, will provide people in the Western Division with the certainty they were looking for. I note that the Western Lands Amendment Bill will facilitate the creation of a formal network of public roads and rights of way. Currently there are virtually no roads in the Western Division that are designated lawful roads. I had some experience of that when Tom Lewis suddenly wanted to turn off the road we were travelling along at a point that seemed to be significant to him. I have to say that I followed his instructions with some trepidation, but inevitably we arrived at the place he had intended to go to. It was a miracle to me that we did.

Wherever we went, there would be somebody who had known Tom a long time ago in the days when Ministers of the Crown such as Tom had visited areas using their own plane. When he was a Minister he decided that was the way to get around because he thought it was very important to have face-to-face contact with people. If people had a problem, he would fly in, have a chat with them and sort it out. It is commendable for a Minister to maintain face-to-face contact with people because their needs can be best understood by doing so. The bill also provides for establishment of a new system for making annual rent determinations and for the creation of a Western Lands Advisory Council comprising 14 members. The council will provide advice to the Minister. The bill also provides for some types of leases to be converted to freehold title and will introduce greater flexibility into dealings with western lands leases.

As conservation and land management become more complex and our understanding improves, flexibility will emerge as a very important factor. It is important for members of Parliament to ensure that legislative instruments are capable of accommodating different strategies and methodologies. We should ensure that no opportunities are missed in adopting new and innovative conservation methods simply because a statutory instrument is too inflexible. That will be particularly important in the development of a sustainable kangaroo meat and hide industry. I would like that industry to grow and prosper in this State. I would like farmers to be provided with any opportunity to develop a sustainable living from soft-footed animals. If farmers want to become involved in that industry, a statutory planning and conservation management plan should be made available to them.

The best part of New South Wales is the Southern Highlands, but after my second visit in one week to the Western Division I have deep affection for that area. Western New South Wales is an absolutely marvellous part of Australia and is very much in my heart. As an Australian, when I think of what the Year of the Outback means to me, I picture the vast and wonderful landscapes that I saw in the Western Division. I sincerely hope that the bill enables the very special residents of the Western Division to continue to live and prosper forever in that wonderful part of New South Wales.

Mr AQUILINA (Riverstone—Minister for Land and Water Conservation, and Minister for Fair Trading) [1.35 p.m.], in reply: The honourable member for Wallsend, who is in the chair, will no doubt recall that I introduced the Western Lands Amendment Bill for debate in the party room as the Peter Black monumental bill; I reinforce those comments. I also acknowledge the personal and specific contribution by the honourable member for Murray-Darling to legislation that is so very dear to his heart and to the people of western New South Wales, an area of which he is an integral part. On behalf of all honourable members, I extend my special thanks to the honourable member for Murray-Darling for his unique contribution, for the way he has paid specific attention to the detail of this legislation, for the widespread consultation which he personally undertook, and for his assiduous and meticulous noting of all the deputations that were made to him orally or in writing.

I also thank members of the Opposition for supporting the legislation and I acknowledge the constructive role that the Opposition has played. I thank them for their constructive approach, not only over recent months leading to the introduction of this legislation in the House but over a number of years. In particular I thank the honourable member for Ballina, the honourable member for Barwon, and the honourable member for Southern Highlands for their contributions to the debate. I give special thanks to the Hon. John Kerin, who at the invitation of my colleague the former Minister for Land and Water Conservation, Richard

Amery, undertook a review of the western lands division. He worked very hard and led a team that consulted throughout the western division and came up with challenging concepts and ideas for inclusion in the legislation. The review process took a long time: It took two years from the time the former Minister invited the Hon. John Kerin to undertake the review for the report to be produced in 2000, and it has taken almost two years since for the legislation to be brought before the House.

The process of compiling this legislation has been challenging. The concepts incorporated in the bill are not easy to understand. However, as some honourable members who participated in the debate have already mentioned, the complex issues had been dealt with fairly, particularly the very vexing issue of rents. I also wish to thank those who took part in the consultation process. Many have already been mentioned by the honourable member for Murray-Darling, and those he has not yet mentioned will no doubt be uppermost in his mind during future contributions in debate on this legislation.

The Government has consulted with individual members of the community in the Western Division and local government has been heavily involved. I had an opportunity to consult with many local councils in their home patches and at subsequent meetings in Sydney. I thank various shire councils that I visited, such as at Wentworth, Bourke, Balranald and Moulamein, for their hospitality, and for the way in which we were received and for their contributions, which added much to the legislation. Many peak organisations, such as the NSW Farmers Association and others, contributed specifically to this bill. I hope they feel that they have been listened to, that their comments have been heard and that their suggestions have been included in the overall fibre of this legislation.

As has already been said, the Western Division, which is a unique part of Australia, in many ways, is a fragile environment. It is home to thousands of people, many hundreds of Australia's pioneering families, and a unique set of flora and fauna, the like of which cannot be found elsewhere in the world. We all have a great responsibility to this area. I believe that this legislation will enable us to exercise that responsibility in a way that is relevant not only for this century but also well into the future. The legislation exemplifies a partnership between local people and those who have the responsibility of government. It also enables us to further enhance this part of our State and our continent about which people feel so strongly and about which there is so much obvious sentiment.

As I said in my second reading speech, the original Western Lands Act, which was written in 1901, is more than 100 years old. That Act has played a significant part in our history. It is important to recognise that this legislation is also a significant part of the history of the Western Division and of this State and nation. Last Monday I was pleased when the Premier offered \$10,000 towards the cost of publishing the *History of the Western Division* by Dick Condon, a former Western Division commissioner. That history, which details past and current efforts, refers to what is occurring in that important part of the State.

It is not often that we consider legislation in this House that almost uniquely deals with one electorate. However, that is pretty much the case today. The Western Division is mostly in the electorate of the honourable member for Murray-Darling. However, on the calculations of the honourable member for Murray-Darling, a small portion of it falls into the electorate of Barwon. It has taken four years to introduce this legislation. Government and Opposition members and members of the community are confident that it will stand the people of the Western Division in good stead. The legislation will also help to protect the fragile environment of and the flora and fauna in the Western Division.

Motion agreed to.

Bill read a second time and passed through remaining stages.

POULTRY MEAT INDUSTRY AMENDMENT (PRICE DETERMINATION) BILL

Second Reading

Debate resumed from 29 May.

Mr ARMSTRONG (Lachlan) [1.45 p.m.]: As shadow Minister for Agriculture I speak on behalf of the Opposition in debate on the Poultry Meat Industry Amendment (Price Determination) Bill. I make it clear at the outset that the Opposition will not be opposing this legislation, but it will be moving a number of amendments in the Legislative Council. In 1986, when I was shadow Minister for Agriculture, I had

responsibility for the Poultry Meat Industry Bill. I have a copy of the speech that I made in this place on the same matter on 11 November that year. If the dates and various names in that speech were changed I could incorporate the speech in *Hansard* and it would cover the same subjects that I wish to cover today. Not much has changed since that time. It was a good speech then and it has stood the test of time. On that occasion I said:

In practice, by a combination of both industry circumstances and the way which the Act was framed, the committee has experienced major problems in fulfilling its designed role. The Act was not drawn up to cope with such an aggressive and competitive industry, and certainly the Act has repeatedly failed in the original intention to provide growers with a platform of equality for negotiations. The problems with the committee structure involved the inclusion of three consumers and an economist, which has not been successful.

I went on to state:

There was no authority to settle disputes between contracted parties. The wording of the Act allows the committee only to attempt to settle a dispute by negotiation.

I am not at all surprised that, after two Labor governments and one conservative government, we are still going through the same process. A number of growers in the industry contract to produce chickens for processors. Processors—major businesses in this State—employ about 15,000 people. They include companies such as Ingham enterprises, Bartter enterprises, Red Lea Chicken Pty Ltd, Cordina chicken farms, Baijada poultry, Sunnybrand Chicken Pty Ltd, Penrith poultry and Summertime Chicken Pty Ltd. The chicken meat that is produced in this country, which is the best in the world, is produced under tough but ideal conditions. No other country or State can match the quality of the chickens that are produced in Australia.

People buying chicken tonight from Kentucky Fried Chicken or any other outlet can rest satisfied in the knowledge that they are eating the best chicken in the world. I compliment the processors, transporters and growers on achieving this quality in the industry. It is incumbent on us in this Parliament—it is incumbent on the Government in particular—to do nothing to impede that process. It is also incumbent on us to ensure that technology is available to improve that process, to improve the quality of the chickens that are being produced, and to improve the profitability of the industry so that it grows and is able to accommodate new technology as it becomes available.

However, at the moment some significant problems are being experienced by some sectors of that industry. Processors want a deregulated market. There is no doubt that some processors would benefit financially, but it would be at the growers' expense. Processors claim that the cost of production is higher in New South Wales than in other States. They attribute that fact to the price that they pay to the growers. The growing fee represents only 8 to 13 per cent of total growing costs. In the past two years Inghams in particular has shifted about 20 per cent of its chicken production out of New South Wales. Production has fallen from about 870,000 birds a week to about 520,000 birds. Generally speaking, processing facilities in New South Wales are old and are facing urban encroachment problems. The cost of replacement for the Inghams and Bartter plants is estimated to be about \$40 million each. Processors employ about 15,000 staff from those areas in which the processing plants are located.

Processors have applied for, and been granted, an authorisation from the Australian Competition and Consumer Commission [ACCC] to allow each of them to negotiate a price with their growers as a group. This authorisation is linked to strict contract and processor-grower negotiating group guidelines. The majority of processors are insisting that their growers move to what is referred to as high-tech tunnel ventilation. Growers want the status quo to remain. Obviously, it will cost them an enormous amount of money to move with this technology. Growers want a regulated marketplace with payment based on a centralised price developed by the Poultry Meat Industry Committee [PMIC] and approved by the Minister. It is estimated that in a deregulated market more than 25 per cent of growers could go out of business. Growers' ability to move to tunnel ventilation varies significantly based on environmental constraints, urban encroachment, availability of funds and individual attitudes.

In the Bartter group, only 40 per cent of growers have indicated to the processor that they will move to tunnel ventilation. I understand that the Bartter group has notified about 80 of its growers that when their contracts expire at the end of June 2004, unless there is tunnel ventilation for those growers, they may have difficulty securing new contracts. That is a major problem. The indications are that a New Zealand company is seriously looking at spending considerable capital funding and wishes to move into tunnel ventilation facilities. There is therefore an enormous amount of unusual angst among growers as to how this will be accommodated. Many of the growers' operations take place on land that is of enormous capital value, having regard to urban encroachment and increases in land values. I suspect that many of those growers would not be making any interest at all on their investment in real terms. So the issue is full of contradictions.

There is a great amount of confrontation between the two groups. Over the years it has been impossible to achieve a warm and friendly relationship with the PMIC. Once again, the Government is faced with this dilemma; it is responsible for the problem. The Opposition will not stand in the Government's way, but it will not seek to fix its problems—indeed, it would be remiss of the Opposition if it were to do so. The Opposition will work with the Government, but the Government has to lead the industry. However, in the Legislative Council the Opposition will strongly put forward the case for the growers, to ensure that growers who lack a certain amount of bargaining power are not disadvantaged by whatever changes the Government decides to bring in. At the same time, we respect the fact that processors have investment in the industry. One cannot live without the other; they are quite parasitic. I suppose that is one of the anomalies of primary industry.

The objects of the bill are to provide a system for making determinations that set out prices to be paid to growers for certain types of poultry and to authorise certain things for the purposes of the Trade Practices Act. Growers must be given that protection under the Trade Practices Act, and it is essential that the determinations of the ACCC are recognised. Other members will speak in this debate on behalf of the Opposition. The Leader of the House has asked me to keep my contribution brief. I expect an extensive debate in the upper House. I also expect the Government to make further changes to the legislation and I know that negotiations are continuing between the parties. I will therefore keep my presentation quite broad. I do not intend to articulate the amendments the Opposition intends to move in the upper House because, subject to today's negotiations with the processors and growers, some minor changes may be made to those amendments as we go through the process.

The poultry industry is a unique and major investment industry in this State and it employs a lot of people. The industry has great potential for further growth and a great potential to earn export income. Some of the best business people in the nation are involved in the poultry industry. It is capable of being a major economic contributor and also of bringing in new technology, which will put us light years ahead of our competitors in other countries. I call upon the Government to be open, frank and transparent in explaining the impasse that the industry faces, and to continue to negotiate with the industry to try to achieve a better mechanism for managing the relationship between growers and processors. I indicate the Opposition's in-principle support for any process that will lead to a better outcome for all parties.

Mr R. W. TURNER (Orange) [1.55 p.m.]: The Coalition does not oppose the Poultry Meat Industry Amendment (Price Determination) Bill but, as the shadow Minister indicated, we will seek to move amendments in the upper House to hopefully make the bill a little more palatable for growers and processors. The Poultry Meat Industry Act regulates the relationship between processors and growers. As the shadow Minister said, the legislation has been challenged from time to time. It is a revolving process of the relationship between growers and processors and the price they are paid under various contracts. I am aware that poultry processors have made application to the Australian Competition and Consumer Commission [ACCC] for the right to negotiate directly with growers on the price paid for their product. If these negotiations are successful, processors will no longer need to comply with the Act.

I am also aware that the growers need some protection of their investment. Many growers have recently invested in modern equipment; others may have failed to keep pace with modern technology. The Opposition is concerned that some growers may not have their contracts renewed when they become due. Poultry growers need to be given notice that their present contracts may not be negotiable forever. The New South Wales Grains Board has now been sold, but the new owners have a guarantee that they will have vesting rights for a further five years, after which time the industry will be deregulated. Perhaps after the negotiations in this matter and debates in both Houses growers will be given some notice that as at a certain date the bill will no longer be applicable.

Like the shadow Minister, I acknowledge the huge gains made by the chicken industry. Chickens have been a staple food in this country for nearly as long as mankind has been on this earth. But we have seen great changes in the way chickens are presented to the general public. I acknowledge that processors have made every effort to give the public what they want. When I first became involved in the chicken industry 30 or 40 years ago as an egg producer, it was commonplace that people ate chicken at Christmas and perhaps Easter. The chickens were generally old crossbred cockerels that were about 26 weeks of age before they were slaughtered.

We then went through the period when chickens were caponised—in other words, they were given hormones to make them grow more quickly, to put more meat on the breast area, and so on. The new meat birds then became more readily available. That is when the Inghams and the Bartters of the world started to improve chicken strains. Not only did this give the public a much better product, but it improved feed efficiency and at

the same time enabled growers to do very well out of the industry. We went through periods when we would simply buy a frozen chicken in the supermarket. Over the past few years there has been a general acceptance of fresh chicken. We can now buy fillets, thighs and drumsticks. We can also buy already prepared chicken from Kentucky Fried Chicken and Red Rooster outlets. It is now readily available.

Chicken is freely available, and the public now also buys free-range chicken. The chicken industry has matched the competition from beef, lamb and pork responsibly and competitively. However, the processors believe they should have more power over the price they pay to the growers. I suppose that argument has some merit because they, too, face competition. The previous speaker referred to the fact that Inghams is concentrating on its production in Victoria, where the industry has been deregulated. If New South Wales growers do not adjust their practices, they will lose by not having their contract renewed.

I ask the Government to give consideration to the growers by at least allowing them some period of time in which to adjust to a deregulated system, if that is where we are heading, and to give them time to retrieve some remuneration from their investment if they no longer wish to continue in the industry. Time is needed also to encourage those entering the industry to install the most modern equipment to enable them to grow the most efficient product, and that will benefit the processors who in turn would agree to contract with them. Time is needed to adjust to the proposed change. I hope the upper House will propose amendments that will give some respite to chicken growers for a change.

Mr ANDERSON (Londonderry) [2.01 p.m.]: I support the bill and the Minister's amendments. The previous speaker obviously has much knowledge and experience in the industry. I had the pleasant opportunity of meeting with some chicken growers last Monday afternoon and evening. They support the Minister's proposals, particularly those providing some level of guarantee. The reason I visited their farms was to look at the infrastructure they have put in place and the amount of money they have expended to improve the industry. One building I looked at cost \$450,000. This demonstrates the level of commitment chicken growers are putting into this industry to make sure that it is competitive, that we have best practice in growing poultry, and that the quality and quantity will service New South Wales markets.

The growers are keen to show that they have a commitment to the industry and are willing to back it up with resources. However, they need some security or guarantee to justify their return for future investment. It is for that reason that they support what the Minister proposes. Some growers have expressed concern about the rumour that the 52¢ they now receive could be reduced to 38¢. The amendments proposed with this bill go some way to guaranteeing growers that they have some recourse for protection. The Minister and his department will make sure of that protection. Growers support the change and are keen to see it happen quickly because their commitment to the industry is costing them big dollars. At present they are not happy because they are making the investment but have nothing in writing to guarantee that investment.

The sooner this legislation is passed the sooner the growers will receive the guarantees they seek to give them the opportunity to invest further. One farmer showed me, as part of his commitment to the industry, that he had erected a new building on his farm and proposed to invest heavily in three more buildings for his business. The banks tell him that they are not keen to provide him with the funds until he has a guarantee to justify the return on his investment so that they will receive their money back. That is why it is important for this legislation to be passed now. I hope that the Opposition will not propose silly amendments to try to change the body of the bill. The growers are keen to do their job, which they do so well, but they need support and assistance. This legislation will provide that assistance. I support the legislation.

Mr PRICE (Maitland) [2.05 p.m.]: I support the bill and the amendments proposed by the Minister. The poultry meat industry is a significant industry in my electorate. Given the punishment the rural sector has received in recent times as a result of the competition policy, I am pleased that the Government has moved positively to propose legislation that will confirm the current system with modifications to make it more practical and more positive for the growers' relationship with processors. For many years the uncertainty of the industry has been quite destabilising. In my area growers faced a frightening prospect when the Bartter company took over Steggle's and then demanded of its suppliers certain upgrades on properties without any guarantee of future contracts after three years.

Given the decline of the dairy industry in the Dungog shire and the difficulty that placed on the shire and part of the Hunter Valley, any decline in the poultry industry would be nothing short of catastrophic. This legislation will virtually reconfirm the status quo, together with some guarantees that sensible negotiations will take place under legislation between processors and growers. I find it a rather difficult industry. Nevertheless,

those who participate in it generally enjoy the cut and thrust of negotiations and certainly have a significant work load compared to other intensive farming areas. I applaud their perseverance and their desire to stay within the industry.

What could a chicken farm be converted to if a contract were dropped because modifications demanded by a local producer were not installed? That is what the C. B. Alexander Foundation faced when looking after Tocal college, and in particular its chicken enterprise. A number of modifications were demanded of Tocal, which was literally a demand on the Department of Agriculture. Fortunately, the foundation was able to respond because, as a training institution, it was important to upgrade one of the chicken sheds to the required standard. The other shed already met that standard for training purposes.

These rules cannot be applied at a later time to ordinary chicken processors, which is the prospect we face. Nevertheless, after many years of negotiation, conferencing and toing and froing, we now have legislation that I believe will be acceptable to the industry. It will be acceptable to the growers and it needs our full support. I strongly recommend support also for the Minister's proposed amendments. I do not believe that any further amendment to the current proposals is required other than those cosmetic rearrangements that the Minister has proposed. I look forward, with my colleagues, to this bill passing all stages and becoming an Act of Parliament that will protect chicken producers in my electorate.

Debate adjourned on motion by Mr R. H. L. Smith.

FINANCIAL SERVICES REFORM (CONSEQUENTIAL AMENDMENTS) BILL

Second Reading

Debate resumed from 4 June.

Mr SOURIS (Upper Hunter—Leader of the National Party) [2.09 p.m.]: Before I speak on this bill I take this opportunity to acknowledge the presence in the gallery of the Principal of Scone Public School, Mr John Townsend, and his wife. I am delighted that they are in the Chamber. I lead for the Opposition on this bill and indicate that the Opposition is pleased to support it. The purpose of the bill is to amend the State Acts and regulations that are affected by changes made to the securities and futures industry provisions in the Commonwealth Corporations legislation by the Financial Services Reform Act 2001 and the Financial Services Reform (Consequential Provisions) Act 2001 of the Commonwealth.

The bill represents technical amendments which eventually flowed and are consequential upon the nationalisation of Corporations Law which, in the earlier part of the previous decade, were the separate province of individual States and presented significant difficulties with differential Corporations Law or companies codes State by State. Therefore, the amendments in this bill are technical and consequential to the amendments made by the financial services reform Acts. They ensure that Australia has a nationally uniform and constitutionally secure Corporations Law. To the extent that these mechanical amendments are required as a legacy of the nationalisation of companies Acts throughout the States and they merely allow the new nationalised Acts to operate uniformly throughout each jurisdiction, the Opposition is pleased to offer its support. I commend the bill.

Mr WHELAN (Strathfield—Parliamentary Secretary) [2.13 p.m.], in reply: I thank the Leader of the National Party for his contribution to the debate.

Motion agreed to.

Bill read a second time and passed through remaining stages.

[Mr Acting-Speaker (Mr Mills) left the chair at 2.13 p.m. The House resumed at 2.15 p.m.]

QUESTIONS WITHOUT NOTICE

Supplementary Answer

NEW PRISON SITE

Mr CARR: On 4 June I was asked a question about a proposal to build a prison on the South Coast. I have spoken a fair bit recently on the impact that better policing, tougher laws, harsher sentences and our firm bail laws will have on the prison population. The bottom line is that a prison population of up to 9,000 by 2005

is not something that any of us can be proud of but is something that is required to deliver a safer community to all the people of New South Wales. That is why we are building three new prisons—a 350-bed facility at Kempsey, currently under construction; a 200-bed women's prison at South Windsor, also under construction; and a prison for the Central West at a site yet to be determined.

We are considering building a fourth prison. Last weekend my office received strong representations from the honourable member for South Coast and the honourable member for Campbelltown, who do not want a prison located in either community. I have received similar representations from the Wollongong community. Yesterday the Minister for Corrective Services and I received personal delegations from those two honourable members. My colleague nods in agreement. He and I gave them serious consideration and a good deal of our time. Today I formally advise the House that this Government will not build a new prison in the Campbelltown area; nor will we build a new prison on the New South Wales South Coast.

Mr Brogden: No jobs for Nowra.

Mr CARR: I disagree because we are moving the Department of Local Government to Nowra, which means jobs for Nowra but not a prison. I repeat—so that on this point all honourable members will be very clear—we will not build new prisons in these two communities this term, next term or ever. We have listened to the views of the local members who speak for their communities.

Mr SPEAKER: Order! There are far too many interjections.

Mr CARR: I accepted completely their strong, powerful and persuasive arguments on behalf of their electorates. This is what good local members do: speak to their communities and insist on a meeting with the Premier.

Mr George: Point of order: I rise on a point of relevance. As a good local member for Lismore, I am quite happy to talk to the Premier about having a prison on the North Coast.

Mr SPEAKER: Order! There is no point of order.

Mr CARR: You never know your luck. As that interjection confirmed, there is a range of views across our State about prisons. Some communities, such as Cooma, Kempsey, the Central West, and apparently Lismore, welcome them because they are said to inject millions of dollars into the local economy and create jobs. Other communities, such as Campbelltown and the South Coast, have different views—and who can blame them? That is what living in a democracy is all about. My Government easily accommodates both perspectives because we have two principles: first, we will open prisons as required in order to protect the community; and, secondly, we will locate new gaols only in those communities that want them. The contrast could not be clearer. Only one political party in New South Wales wants to build a massive, intrusive and unwanted 1,100-bed prison on the South Coast—one of the State's most important and popular tourist destinations—and that is the Liberal Party.

Mr Brogden: Jobs for Nowra.

Mr CARR: The position of the Leader of the Opposition—the honourable member for South Coast cannot believe his luck—is "Jobs for Nowra." He wants to put a huge prison on the South Coast. The wonderful thing about an election is that it will clarify this choice for the people of the South Coast—and I am giving away no secrets—entirely to the satisfaction of the honourable member. Last weekend the Liberals made a significant—one might say a damning—election commitment. On Sunday afternoon the honourable member for The Hills, the shadow Minister for Corrective Services, and the Hon. Don Harwin, MLC—whoever he is, if he exists—both positively demanded a prison for the South Coast. Let them proceed with that proposition.

Mr Hartcher: Point of order: The standing orders allow supplementary answers that are relevant and to the point. The Premier is embarking upon a statement of government policy. I know that, under the nine-tenths rule, this may fall within the one-tenth exception. Notwithstanding that fact, the Premier is abusing the concept of supplementary answers by speaking about the full range of correctional institutions in this State. Sit down, Bob, you've had your run.

Mr SPEAKER: Order! There is no point of order.

Mr CARR: Make no mistake, a vote for the New South Wales Liberal Party in March 2003 is a vote for a prison on the South Coast. It is a vote for a party that simply will not listen to local communities. Just let them try!

DISTINGUISHED VISITORS

Mr SPEAKER: Order! I welcome to the Parliament a delegation from Taiyuan Province in the People's Republic of China led by the Deputy Mayor, Mr Wu.

BUSINESS OF THE HOUSE

Routine of Business: Suspension of Standing and Sessional Orders

Mr WHELAN (Strathfield—Parliamentary Secretary) [2.25 p.m.]: I move:

That standing and sessional orders be suspended to provide for the following routine of business at this sitting:

- (1) Private members' statements not be taken this day; and
- (2) At 4.45 p.m., the business before the House shall be interrupted and set down as an order of the day for a later hour and the House shall proceed to Government House for the presentation of the Address-in-Reply.

I point out to honourable members that the take-note debate on the Address-in-Reply will give those members who have not done so the opportunity to speak when Parliament resumes.

Motion agreed to.

BUSINESS OF THE HOUSE

Routine of Business: Suspension of Standing and Sessional Orders

Mr WHELAN (Strathfield—Parliamentary Secretary) [2.27 p.m.]: I move:

That standing and sessional orders be suspended to allow the routine of business on Friday 7 June 2002 to be interrupted at 11.00 a.m. to permit Mr Constantinos Stephanopoulos, President of the Hellenic Republic, to attend in the Legislative Assembly Chamber, to be welcomed by the Deputy Premier, the Leader of the Opposition and the Leader of the National Party, and then to address members of the Legislative Assembly.

Mr TINK (Epping) [2.27 p.m.]: The Opposition looks forward to the visit to this Chamber tomorrow by the President of the Hellenic Republic. People of Greek extraction have been at the forefront of Coalition politics in New South Wales for a long time, not the least being the Leader of the National Party, George Souris. The distinguished member of the upper House the Hon. James Samios is another outstanding parliamentarian of Greek extraction. It is about time the Premier got rid of some of the extinct ministerial volcanoes on his front bench and promoted fine people such as the honourable member for Swansea, Milton Orkopoulos, to represent the Greek community in the Government. It is time some Ministers made way for some fine Greeks in the Government.

Motion agreed to.

PETITIONS

North Head Quarantine Station

Petition praying that the head lease proposal for North Head Quarantine Station be opposed, received from **Mr Barr**.

Bank Services

Petition asking the House to make banks provide a basic service for all and to make arrangements for the aged and the disabled, received from **Mr W. D. Smith**.

Illegal Street Sex Work

Petition seeking the establishment of a high-level, co-ordinated strategy to address illegal street sex work in residential areas, received from **Ms Moore**.

National Parks and Wildlife Service Prosecutions

Petition asking that the National Parks and Wildlife Service be directed to redress the injustice suffered by the Basic family and to ensure that future prosecutions under the National Parks and Wildlife Act are properly and responsibly based, received from **Mr Rozzoli**.

Freedom of Religion

Petitions praying that the House retain the existing exemptions applying to religious bodies in the Anti-Discrimination Act, received from **Mr W. D. Smith** and **Mr Tink**.

Manly JetCat Services

Petition seeking reversal of the decision by Sydney Ferries to stop JetCat services to Manly at 7.00 p.m., received from **Mr Barr**.

Lane Cove Tunnel Works

Petition praying that the House initiate a review of Lane Cove tunnel works, received from **Mr Collins**.

Cammeray Traffic Arrangements

Petition praying that pedestrian traffic signals be installed at Raleigh Plaza on Miller Street, Cammeray, and that the 1997 traffic study be implemented, received from **Mr Collins**.

School Bus Safety

Petition praying that seats and seatbelts be provided for all students on school buses, received from **Mr Webb**.

Manly Lagoon Remediation

Petition praying that funds be made available to assist in the remediation of Manly Lagoon, received from **Mr Barr**.

John Fisher Park

Petition praying that the Government support the rectification of grass surfaces at John Fisher Park, Curl Curl, and opposes any proposal to hard surface the Crown land portion of the park and Abbott Road land, received from **Mr Barr**.

Lake Burrinjuck Water Level

Petition asking that the Department of Land and Water Conservation be instructed to maintain the level of water in Lake Burrinjuck at a minimum of 45 per cent, received from **Ms Hodgkinson**.

Skennars Head Coastal Land

Petition asking that lot 1 Rocky Point Road, Skennars Head, be purchased under the Coastal Lands Protection Scheme, received from **Mr D. L. Page**.

Queenscliff Geographical Names Board Classification

Petition praying that the House reinstate Queenscliff as a suburb with the Geographical Names Board, received from **Mr Barr**.

Old-growth Forests Protection

Petition praying that consideration be given to the permanent protection of old-growth forests and all other areas of high conservation value, and to the implementation of tree planting strategies, received from **Ms Moore**.

Northbridge Primary School

Petition seeking permanent classrooms to replace temporary demountable classrooms at Northbridge Primary School, received from **Mr Collins**.

White City Site Rezoning Proposal

Petition praying that any rezoning of the White City site be opposed, received from **Ms Moore**

Casino Policing

Petition requesting increased police numbers at Casino and that the police station be manned 24 hours per day, received from **Mr George**.

Warragamba Police Station Closure

Petition asking that the decision to close Warragamba Police Station be reversed, received from **Dr Kernohan**.

Illawarra Policing

Petition requesting provision of increased police resources in the Illawarra region, received from **Mr Markham**.

Surry Hills Policing

Petition praying for increased police presence in the Surry Hills area, received from **Ms Moore**.

Malabar Policing

Petition praying that the House note the concern of Malabar residents at the closure of Malabar Police Station and praying that the station be reopened and staffed by locally based and led police, received from **Mr Tink**.

Wentworthville Police Station

Petition asking that any move to scale back or close Wentworthville Police Station be opposed, received from **Mr Tink**.

Monaro Policing

Petition asking that a police officer be appointed to frequently patrol rural areas of the Monaro and surrounding regions, received from **Mr Webb**.

QUESTIONS WITHOUT NOTICE

POLICE SERVICE BUDGET

Mr BROGDEN: My question without notice is to the Premier. In the face of record levels of violent crime in New South Wales, how can he justify underspending by \$20 million the current staff budget for criminal investigation by police, while overspending by \$36 million the staff budget for traffic police?

Mr CARR: Of all the matters the Leader of the Opposition could raise about policing, he asked about the allegation of an anomaly in the budget! He could ask about plans by this Government for the increase in prison population because we are removing the presumption of bail for repeat offenders. Or he could ask about our announcement this week of an infringement system to cut police paperwork by up to three hours a day per police officer. Of all the opportunities to get his teeth into weighty policy issues, and he asked about the allegation of an anomaly in the budget!

Mr SPEAKER: Order! I call the Deputy Leader of the Opposition to order. I call the honourable member for Willoughby to order.

Mr CARR: Yesterday—and confirmed in his budget speech today—the Leader of the Opposition said, "Yes, stamp duty should be reduced." He was asked, "Would you do it?" He answered, "No, no." The fact is that after his budget speech, we have no idea what his policy is.

Mr Brogden: Point of order: My point of order is relevance. The Premier's answer had no relevance to the question about the underspending of the police budget in the face of record crime. He has no answer.

Mr SPEAKER: Order! There is no point of order.

ROUSE HILL AND MACARTHUR REGIONAL CENTRES

Mr ANDERSON: My question without notice is to the Minister for Planning. What is the latest information on the Rouse Hill and Macarthur regional centres and related matters?

Dr REFSHAUGE: In December last year I approved a plan for one of the most important new development projects for the north-west of Sydney, the Rouse Hill regional centre. It will create a vibrant new heart for one of the most exciting and fast-growing communities in the State. The region is expected to become home for 131,000 people over the next 15 years. This \$1 billion project will ensure that they have all the facilities that a community of that size needs and deserves. The facilities include two new schools, supermarkets, specialty shops, a library, a childcare centre, a community hall, entertainment venues, green open spaces, more than 1,200 new homes and, unlike the planning disaster left by the Coalition, the community will have the transport to go with it.

The development will include a transport interchange to accommodate a rapid bus service to Parramatta and the future north-west heavy rail link. Transitway bus services will be operating by the time the first stage of the project is completed in 2005—with more services coming on line in 2006 thanks to the Government's \$323 million upgrade of Windsor Road. We are upgrading the Windsor Road. The Minister for Transport has dug into the budget to make sure that we fix the mess left by the Coalition. When these developments go ahead the transport will be with them.

Today I am happy to announce the names of the four private developers that have been shortlisted to partner Landcom and the Department of Planning on this very important project. They are Lend Lease Development Pty Ltd, Mirvac Projects Pty Ltd, Queensland Investment Corp/Australand Holdings Ltd, and Stockland Corporation. They now have four months to prepare their tenders. I am also delighted to update the House today on another major project in the greater west of Sydney—the Macarthur regional centre development in Campbelltown. It is a \$250 million project over six years on 60 hectares of Landcom land to create a new commercial, entertainment and residential hub for the region.

I am pleased to announce that Stockland has been chosen as the Government's private partner. This project will generate another 1,000 jobs for the Macarthur region and 1,000 new homes for the people of the greater west. Once again, unlike the situation with the Coalition, the transport will go with these developments. The Macarthur project is strategically located right next to the Macarthur railway station, and within walking distance of the shopping centre, Campbelltown Hospital, the University of Western Sydney and South Western TAFE. The homes, the jobs, the facilities and the transport will all be on tap. Together, the Rouse Hill and Macarthur regional centres will generate about 6,000 jobs over six years and 2,200 new homes for the people of the greater west, north-west and south-west.

It is surprising that the former chair of the marginal seat strategy for the Liberal party that led to the loss of Gladesville and Miranda tries to interject. Every time he opens his mouth he gets it wrong. When he was shadow Minister for Housing he asked me two questions in two years. He was working very hard—obviously a go-getter! He claimed that the Government has built the fewest homes for the disadvantaged in recent memory. He must have a very short memory, because we built 200 more homes last year than the former Government did in its last year. He also claimed that a wealthy couple had sold \$700,000 in assets to move into public housing on The Rocks. Wrong—it never happened. He just made it up and decided to put it out again.

Just last week he claimed that half of the 8,000 or 9,000 blocks that we are developing out in the Bringelly area over the next 15 years depend on our decision on Badgerys Creek. Wrong again—none of it depends on a decision on Badgerys Creek. The whole lot will go ahead. Last week he again got it wrong and tried to blame the honourable member for Bega for his major gaffe. His local newspaper, the *North Shore Times*, had a story headed "MP comes unstuck". His own colleagues say, "If you put your foot in your mouth you take the blame." It is not surprising that Stephen Bowers is lurking to challenge for preselection. With the guiding hand of Landcom—

Mr Brogden: Landcom?

Dr REFSHAUGE: Yes. Do you criticise Landcom? On 1 and 2 June the Banksia Environmental Foundation awards were given out. The Banksia awards are among the most prestigious for environmental excellence and achievement. The award won by Landcom was for "Government leading by example" in the area of sustainable development. In making the award the foundation said:

In a world where the only constant is change, there are governments, organisations, companies and individuals who face the daunting task of making sure those changes are for the better. Landcom is one such organisation.

We are very proud of Landcom. It is going to be doing some great work in the south-west and the north-west. I congratulate the private companies that have been shortlisted for Rouse Hill and the tenderer that has been chosen for the Macarthur project. I look forward to updating the House as these important projects—with their transport, which the Coalition always forgot—take shape and provide essential services, investment, homes and jobs for the people of the greater west.

POLICE SERVICE BUDGET

Mr SOURIS: My question is directed to the Premier. In the face of record levels of violent crime, how does he justify underspending the current staff budget for front-line police by more than \$19 million while overspending the budget for judicial support, including prisoner transport, by \$31 million?

Mr CARR: It is Opposition members who are against the infringement notice system designed to get police out from behind desks and out on the streets. They are against all police reforms, from the commissioner down, to get police out on the street. They have opposed everything that has been announced in recent days. They have opposed the supplementary policing trial that puts more police on the street. They are against Operation Vikings, operations that are designed to get police out from behind their desks and onto the streets, thereby giving people an assurance of personal safety.

Mr SPEAKER: Order! I call the honourable member for Epping to order.

Mr CARR: The police budget is a record budget.

Mr SPEAKER: Order! I call the honourable member for North Shore to order.

Mr CARR: The public response to all these initiatives has been very gratifying indeed.

ORANGE ECONOMIC GROWTH

Mr MARTIN: My question is directed to the Premier. What is the latest information on the economic situation in Orange and related matters?

Mr CARR: Well may the honourable member ask that question. A lot of progress was made at that very useful meeting today of the president of the NSW Farmers and Country Labor MPs. That dialogue is very important and it says a lot about how Country Labor is off and running.

Mr SPEAKER: Order! I call the member for Coffs Harbour to order.

Mr CARR: When we consider the great news coming out of Orange we know what the Country Labor agenda is about. Yesterday Electrolux, the world's largest white goods manufacturer, announced that it had agreed to sponsor the Sydney Symphony Orchestra's regional tours of New South Wales for the next three years. Orange will be one of the orchestra's first ports of call. It will even put on a performance at the Electrolux factory for the 1,100 staff. I wonder whether they will all be able to fit in. It is a nice problem for Orange to have, because Orange is doing so well economically. For example, the opening of the Ridgeway mine has delivered 200 jobs. It was a great pleasure to be there to perform the opening. The recent \$33 million Electrolux investment is terrific news. The opening of the mine and the expansion of that big manufacturer are two pieces of very good news about Orange.

I asked my researchers to look at the columns written for various local newspapers by the honourable member for Orange. His columns are widely distributed; it is said that he has more columns than the Parthenon. We thought there might be a mention in one column about the substantial economic investment that has driven unemployment in Orange down to 4.4 per cent and has given the Central West region a great lift. This is what we found in one of the reflections of the honourable member for Orange:

The restaurant industry would not be the same without Sydney rock oysters.

I thought we would find some reference to the extraordinary level of investment, instead of gastronomic reflections. Meanwhile, the front page of the same edition of the *Central Western Daily* states:

Golden days Ahead —Premier Carr officially opens Ridgeway Mine.

The Labor Government was delivering a major investment that we facilitated but the honourable member was reflecting on the gastronomic delights of Sydney rock oysters.

Mr Armstrong: Point of order: I am sure it was only an oversight by the Premier to fail to acknowledge that the previous Government moved 480 government jobs to Orange, which was the biggest decentralisation exercise in the history of this nation. That was the economic boom!

Mr SPEAKER: Order! No point of order is involved.

Mr CARR: That is so far back it belongs in *Cambridge Ancient History*, back with the Persians. I am speaking about the recent investment and recent progress resulting in hundreds of well-paid jobs for Orange.

Mr SPEAKER: Order! I call the honourable member for Lachlan to order.

Mr CARR: The average income in Orange is now \$10,000 above the State's average for the regions. That is very good news. The *Central Western Daily* quotes the mayor as saying, "Orange is doing well."

Mr SPEAKER: Order! I call the honourable member for Lachlan to order for the second time. I call the honourable member for Murrumbidgee to order.

Mr CARR: On 4 May the *Central Western Daily* stated:

\$33 million boost—Electrolux to upgrade plant in push for exports ... a \$33.7 million investment to upgrade the Orange plant.

The general manager said it was a "huge vote of confidence in Orange by Electrolux and shows that the plant can be globally competitive". But there was not a reference to it in the syndicated column of the honourable member for Orange—not one reference to it.

Mr SPEAKER: Order! I call the honourable member for Oxley to order.

Mr CARR: After that tremendous news about Orange, what is the member's column devoted to? The honourable member wrote:

Many others in the world not as lucky as us

A part of India that receives little attention that potentially could erupt into turmoil and even bloodshed, is the firmly entrenched "caste system".

Then follows an essay on the Indian caste system from the honourable member. The Government is there, cutting the red tape to open this huge gold and copper mine in Orange, providing hundreds of jobs, lifting the average income in the region to \$10,000 above the State's average for regional employment, facilitating this huge reinvestment by a local manufacturer with an employment base of 1,100. And the local member is opining in his column about the Indian caste system.

Mr SPEAKER: Order! I call the honourable member for Murrumbidgee to order for the second time.

Mr CARR: Someone suggested to me, when I saw this, that the honourable member must be at the point of writing a book, and then the interjection came, "Maybe he will get around to reading one." Perhaps he is bored with State politics. Amidst all of this economic growth in Orange his other big and surprising intervention is a plan, announced in the local media, to confiscate bicycles and skateboards of children under 14 years who ride on the footpath.

Mr SPEAKER: Order! I call the honourable member for Murrumbidgee to order for the third time.

Mr CARR: What an heroic contribution. Even his colleague on the local council said:

To get this kind of legislation through will make us the laughing stock of Orange.

Never, is it said, has a local member been more out of touch with what is happening in his local community. The State Government is doing a hard work to generate jobs—

Mr Hazzard: Point of order: The honourable member for Orange has raised a lot of questions about the failures of DOCS in Orange. He is a very hard-working local member.

Mr SPEAKER: Order! No point of order is involved.

Mr Hazzard: This is rubbish from the Premier. He should be ordered to sit down.

Mr SPEAKER: Order! The honourable member for Wakehurst will resume his seat.

Mr Hazzard: He should be ordered to sit down.

Mr SPEAKER: Order! I have ordered you to sit down. Please resume your seat.

Mr CARR: While the honourable member for Orange reflects on confiscating bicycles and the Indian caste system, we continue with the great tasks of facilitating the exploration and development of a huge mine that has delivered hundreds of jobs to Orange and facilitating one of the most significant investments in manufacturing in the State, let alone regional New South Wales. This is a total of \$115 million in new projects in the last three years alone, bringing 340 full-time and 50 part-time jobs to Orange. What a beautiful set of figures.

RAIL SAFETY

Mr DEBNAM: My question is directed to the Minister for Transport. Given that in July 1999 the Minister said that rail safety might have "slipped between the cracks" and then just two weeks before the Glenbrook train tragedy he said that rail "safety and reliability are paramount to the Government", what value can train travellers put on the Minister's claims about track safety today?

Mr SCULLY: I thank the member for that serious question, which requires a serious response. "Vertical split heads" is what was reported in the *Sydney Morning Herald* this morning. For colleagues on both sides of the House, I will explain what they are. A vertical split head is a crack in the steel that is not apparent to the naked eye. Sometimes steel is brittle and if you cut across the steel where the crack is you will see a brittleness right along it. Not being apparent to the naked eye, it can, in a number of circumstances, be unsafe.

In the past there were only physical inspections of the rail and those splits were not detected. From time to time the track would crack as the vertical split head drove through to the outside of the track. As a wheel went over, the track could break away. In more recent times we have used not only X-ray machines that can detect some of these internal cracks but a new technology called a speno X-ray machine. It is placed around the track and it looks at the internal steel at multiple angles so that we can see any vertical split heads. I am pleased to say that as at today we have completed the X-ray inspection of all metropolitan track.

The honourable member for Lachlan should listen, because this is not the day for the Cowra to Blayney track. This is about rail safety and he should listen. I reassure rail commuters that the Government has completed the testing of the metropolitan track. On a number of occasions at night, when the machine has inspected the track, rail infrastructure work crews went behind the inspectors. When vertical split heads were discovered, the affected track was pulled out and replaced with new rail track. This shows proactive railway management; we are very serious about safety. Safety is paramount when delivering rail services to the community. This morning the shadow Minister for Transport said on radio that we kept this secret, that we kept it under wraps. But, thankfully, there was this leak; the documents fell off the back of a truck and made news in the *Sydney Morning Herald*.

Mr Debnam: A whistleblower.

Mr SCULLY: Okay, let us elevate it to a whistleblower. I would like to bring to the attention of at least this side of the House the press release I authorised the Co-ordinator General of Rail to issue on 3 May. It was broadcast across the media, but attracted little interest. The media release states:

RAIL SAFETY INITIATIVE

An improved testing regime has recently been introduced to check the tracks in New South Wales the Co-ordinator General of Rail, Michael Deegan said today.

Mr Deegan said that a modified ultrasonic process using a machine known as a Speno machine—which looks through the steel for flaws and internal cracks—was identifying sections of track that needed to be replaced.

The technology enables rail maintenance workers to see through the outside of the rail and detect internal flaws much like an x-ray picture of the rail. The most common flaws were vertical split heads (an internal cracking affecting the top of the rail).

"Where these flaws have been detected the rail is identified, removed and replaced often within 24 hours," Mr Deegan said.

"This new process will result in greater safety for drivers, passengers and rail workers," Mr Deegan said.

"This sort of early detection is an important safety initiative."

Why was that media release issued? Yes, they were detecting vertical split heads. The co-ordinator general and I had a discussion about informing the public. Both of us formed the view that we should put out this press release to inform the public that we would look at these problems and rectify them. So much for whistleblowing! I would suggest that next time the honourable member for Vacluse is down on level six he should label a pigeon hole "Debnam, shadow Minister for transport". Then I can put any press releases in there, and he can read it and ring me and I will tell him about it.

But we have gone one better. The Rail Infrastructure Corporation has asked for an independent assessment of how it handled this safety issue. It went to the head of safety at Queensland Rail [QR], Kevin Band, who is one of the leading rail safety figures in the world. He has been at QR for some time. I have met with him on a number of occasions, and he is probably one of the best rail safety people I have ever talked to. What he does not know about rail safety is hardly worth knowing. He assessed the management of our vertical split heads and in a report he gave to Rail Infrastructure Corporation he said:

The Rail Infrastructure Corporation, like all railways around the world, has always been faced with the risk of vertical split head rail defects. RIC has always been able to manage this risk within its management system controls.

RIC has been very proactive and has used appropriately qualified and competent personnel, to identify—

Mr Debnam: Garbage!

Mr SCULLY: Who are you to question Kevin Band? How dare you! Shouldn't you be on a fox hunt? No wonder they call you Prince Charles. You are so rude. This was written by Kevin Band—not Carl Scully, not the New South Wales Government, and not the Rail Infrastructure Corporation. He has no vested interest in commenting on how well we are doing. This is Kevin Band, Queensland Rail, commenting on what we have done following the press release that the honourable member for Vacluse did not bother to pick up because he is such a lazy shadow Minister.

Mr Debnam: Point of order: My point of order is relevance. My question is not about a press release the Minister put out before he knew that he had a massive problem. My question is about the documents that were released to us that show that the Minister had a massive problem that he kept secret for five weeks. That is what this is all about: the fact that he kept it from rail commuters and train travellers. The Minister should stand up in this House and apologise, then resign.

Mr SPEAKER: Order! There is no point of order.

Mr SCULLY: It is not for me, colleagues, to say that experience counts, but I think it does when you see a character like the honourable member for Vacluse. I would like to finish this, which I have not been able to do because I was so rudely interrupted. In relation to the question asked of me by the honourable member for Vacluse, Kevin Band, world expert on rail safety said:

RIC has been very proactive and has used appropriately qualified and competent personnel to identify the likely hazard, its causes, effects and how it should be controlled.

RIC is now, through better detection, able to react much earlier than would otherwise be the case. As such, Rail Infrastructure Corporation has substantially reduced its overall risk.

What is our job on the rail network? It is to provide safe and reliable rail services. What is our job when we discover that there is a problem? To inform the public and get out and fix it. What is our job when we are fixing it? To independently verify that we are doing it. The honourable member for Vacluse has shown what a dill he is. Bring back Photios!

TOWNLIFE DEVELOPMENT PROGRAM

Mr BLACK: My question without notice is to the Minister for Local Government. What is the latest information on Government assistance to small regional towns?

Mr WOODS: The Carr Government is hugely committed to economic development in regional and rural New South Wales. Since 1995 more than 68,700 jobs have been created right across regional New South Wales. Many regions are growing strongly. But we also recognise that some communities are facing challenging times, and that is particularly the case for smaller towns. That is why in 2000 we introduced the Townlife Development program, which is quarantined to small towns with populations of less than 2,500. I know that Country Labor members have welcomed this initiative. It has been well received by communities from the State's far north to the Murray and out in the Far West. In fact, 58 projects have been funded under the Townlife Development program over the past two years, which has benefited more than 100 communities.

Today I can announce that 10 more projects have been assisted under the fourth round of the program, involving some 25 communities. Milparkinka Heritage and Tourism Association Incorporated will develop a tourism marketing plan and tourist brochure for a walking trail around local historic sites in the electorate of the honourable member for Murray-Darling. Bourke Shire Council will develop the outback beds farm tourism network across communities in the electorates of the honourable member for Murray-Darling and the honourable member for Barwon. Cooma-Monaro Shire Council, in the electorate of the honourable member for Monaro, will hold its Back to Nimmitabel weekend event. The Snowy River Shire Council, in the same electorate, will develop new tourist marketing material and new events to attract people to the area.

Berrima Village Trust Incorporated will develop a business plan to establish a farmers market and set up a cultural and community technology centre in the electorate of the honourable member for Southern Highlands. In the electorates of Tamworth and Northern Tablelands, Walcha Council will develop a project for community planning and development of a marketing strategy for the area. In my electorate of Clarence, the Pristine Waters Council will develop a tourism and marketing strategy, and the Richmond River Shire Council will develop community planning that includes a business survey and marketing workshop in Woodburn. Comboyne Community Association will develop a major community planning project in the electorate of Port Macquarie and Oxley. Weddin Shire Council will stage the Weddin Mountain muster event that involves communities in Orange and Lachlan.

In addition to these projects, a further 10 project will be considered for funding under our successful Main Street Small Towns program. The fourth round of funding under the Townlife Development program represents a commitment of \$127,000 to small towns across New South Wales. As I have often said, the real knowledge of opportunities is not here in Macquarie Street, it is out there in the country in local areas. Programs like Townlife are the key to the Government's development strategy for rural and regional New South Wales. These 10 new projects will increase exposure and patronage of community events, and develop economic strategies for those communities. The Government will continue to develop partnerships with small communities to encourage new jobs and economic opportunities for country New South Wales. We will keep working hard for them.

REGIONAL FOREST AGREEMENT

Mr D. L. PAGE: My question without notice is to the Minister for Forestry. Given that the Minister described the Regional Forest Agreement for the upper and lower north-east as providing "certainty to people on both sides of the equation", why is he now proposing to undo those 20-year agreements by converting 10 or more State forests set aside for timber production into national parks?

Mr YEADON: It is certainly news to me. The Government has concluded undoubtedly the most successful regional forest agreements in this country. Indeed, if contrast is needed, one need only look to places like Western Australia and Victoria, which have had nowhere near the success of New South Wales. New South Wales agreements have also been shown to be robust in that a number of them have been in place for up to five years. The honourable member for Ballina may or may not be aware—the Opposition is that far off the pace he is probably not aware, so I better tell him—that at the outcome of the North Coast Regional Forest Agreements which, of course, are the upper and lower north-eastern forest agreements, the Government agreed to look at two portions or tenures of lands that came under two categories. The first one was called, using common parlance in the industry, clump 500.

I shall explain that to the House. The regional forest agreements identified old-growth forests and this Government did not log old-growth forests under its commitment not to do so, but there were small portions

within State Forests tenure that would not be available for harvesting. Invariably they were more than 500 hectares, which is why they have been termed clump 500. We have given an undertaking, and it is a fundamental part of the Regional Forest Agreement, that we will not log that old-growth forest that sits within—

Mr D. L. Page: I know all that.

Mr YEADON: Listen to the explanation because you obviously do not know what it is. You will learn something.

Mr D. L. Page: I'm not talking about that. I'm talking about State forests.

Mr YEADON: I know you are not, but I have to tell you about this because your suspicions are emerging from discussions around these issues. These areas were called clump 500. We were never going to log them because they are old-growth forests, but they sit inside State Forest tenure. Therefore, the surrounding landscape is available for logging. We indicated that we would enter into further discussions with environmental interest groups about converting those areas into national parks. At the end of the day, if that proceeds, it will have absolutely no implications for wood supply or any outcomes from the Regional Forest Agreements because those forest never were going to be logged.

A range of other areas also came to be called "areas for further consideration". Again they were not available or central to the Regional Forest Agreement outcome or, more surprisingly, the supply of timber under the Government's timber supply agreements. This goes right back to the time of signing the Regional Forest Agreements. I hear the former Minister for Urban Affairs and Planning saying that he remembers this. That is quite right, because this was all determined at the time of the outcome of the Regional Forest Agreement.

Mr Knowles: It is not new news.

Mr YEADON: No. In fact, it is about four or five years old, but it takes those opposite a little while to get it, so we have to be a little bit understanding of them. Those areas were called "areas for further consideration" or, again using the parlance of the industry, "furcons". The Government is discussing those areas internally between the various agencies responsible for conservation and forest exploitation. We always indicated that would be done. That process is ongoing and has not concluded. If and when it is concluded, we will inform you about it.

FARM IRRIGATION PRACTICES

Mr PRICE: My question without notice is to the Minister for Agriculture. How is the Government helping farmers to become more efficient in their use of water and related matters?

Mr AMERY: I thank the honourable member for Maitland for his question. The House acknowledges that another Country Labor member is bringing home the bacon for his electorate. It is fantastic and great to see. The budget was handed down a few days ago and it covered many rural issues. I thought we would have had a few questions on it. I acknowledge Jenny McClellan, the Chairperson of the Western Division Shires, who is present in the gallery along with Councillor Brown from Bourke. I welcome them to the Parliament. It is good to see those country representatives lobbying hard the Ministers around this place for resources for their region. I shall raise some matters in relation to the water reform process as it relates to my Department of Agriculture. A very important part of water reform process in agriculture is to make sure that farmers are able to access incentives so that they are encouraged to invest in water-efficiency practices.

The program I refer to, which the honourable member for Maitland has brought to my attention on a couple of occasions over the past year or so, relates to the number of restrictions farmers must face when they try to access the Irrigated Agriculture Water Use Efficiency Incentives scheme. This scheme is an important part of our Water Reform Structural Adjustment program. It is a \$25 million package aimed to help farmers plan, adopt and manage best irrigation practices and water efficient technologies to promote more sustainable and viable irrigated agriculture. Although this scheme originally experienced a relatively poor uptake after it began in 1998, we reviewed the criteria and have now revamped it.

Tuesday's budget, an excellent rural budget brought down by the Treasurer in this House, allocated another \$8.9 million to the scheme in the coming financial year, 2002-03. More irrigation farms will be able to access State government funding under this enhanced scheme. No assets test will apply to the new incentives

and the maximum amount available to individual irrigation enterprises under the scheme has increased from \$17,000 to \$29,000. Assistance will be in the form of grants, not interest rate subsidies. As an example, which is important to country members in this House, land-holders can access 80 per cent of the cost of preparing an irrigation and management plan up to \$12,000, 50 per cent of the cost of new irrigation technology up to \$15,000, and 50 per cent of crop water use monitoring costs up to \$2,000.

These incentives will be available to all commercial irrigation enterprises, including irrigators who, in special circumstances, earn more than half their income off farm. Previous applicants who meet the new guidelines are urged to reapply. Growers who do not hold irrigation licences, such as farmers connected to town water supplies, may also make application. New South Wales Agriculture's WaterWise on the Farm team has been conducting seminars around the State to brief groups and irrigation consultants on opportunities created by this enhanced scheme. Seminars were held in April in Gunnedah, Muswellbrook, Orange and Dubbo, and continued in May with meetings in Windsor, Wollongbar, Deniliquin, Griffith, Wagga Wagga and Goondiwindi.

Applicants who received financial assistance under the original scheme between 1 July 1998 and 16 December 2001 will have their applications reviewed in light of the enhanced scheme and will receive additional assistance to the level of the enhanced scheme. I am writing to eligible applicants who have completed WaterWise training—approximately 2,500 individuals—to alert them to the opportunities the scheme presents and to encourage them to apply. As an example, this scheme is helping a couple at Corowa who will receive \$15,000 to upgrade the efficiency of their irrigation system on their lucerne farm, and a Corowa dairy farmer who will receive \$15,000 to upgrade his irrigation supply, control and drainage systems for greater efficiency of water use and more effective management of drainage water.

The scheme is also helping a nurseryman, who will receive \$15,000 to upgrade the irrigation and recycling system in his plant nursery near Batlow to enable more environmentally friendly irrigation water use. A Narrandera mixed farmer will also receive \$15,000 for land levelling and recycling works to improve the efficiency and effectiveness of his irrigation operation and water use. A farming family from Daysdale near Corowa will receive \$15,000 to upgrade the supply channel, drainage systems, access ways and concrete control structures on its farm, which grows crops, including wheat. That will reduce water losses and provide for more efficient distribution of irrigation water. Finally—

Mr Hartcher: Oh no!

Mr AMERY: You are not interested in regional matters? I hope the shire representatives in the gallery note that you are not interested in regional matters. WaterWise on the Farm teams based around New South Wales have dealt with hundreds more inquiries from irrigation enterprises. They have stepped up the delivery of irrigation management training, which paves the way for funding assistance. This month more than 17 irrigator groups across New South Wales will attend WaterWise farm workshops. The Introduction to Irrigation Management workshops bring training to its highest level since they began in 1998 under the New South Wales Government's water reform structural adjustment program. These are only some of the examples of New South Wales farmers improving their efficiency in the use of natural resources use with assistance from the Carr Government. I thank the honourable member for Maitland for his question and commend Country Labor for its continuing lobbying on this issue.

HOMELESSNESS

Ms MOORE: My question is to the Premier. How does the budget respond to the growing number of homeless in the inner city, particularly those who are mentally ill, in the light of the city property boom and the accompanying stamp duty windfall?

Mr CARR: Every degree of expenditure relevant to that problem has been significantly increased, and increased in real terms in the budget.

GAMBLING TREATMENT AND COUNSELLING SERVICES

Miss BURTON: My question without notice is to the Minister for Gaming and Racing. How is the Government helping problem gamblers and their families?

Mr FACE: The simple answer is a lot. When I say "a lot", I mean a lot more than the previous Government. When the Coalition was in government it did virtually nothing to help problem gamblers. From

virtually nothing being spent on dealing with gambling problems in this State, funds for problem gambling services have increased to a total of more than \$62 million since Labor came to government. I have just approved a further allocation of \$7.4 million for those services for the financial year 2002-03, and it will not stop there. The money will be used to finance more than 60 treatment and counselling services throughout the State. I emphasise that this \$7.4 million will allow existing services to continue to offer help to the many people who need them during the next financial year. Any new services will be funded as and where they are needed.

I want to take a few minutes to highlight some of the allocations. On the North Coast, the Northern Rivers Gambling Service will receive almost \$187,000 for the project it operates from The Buttery at Bangalow. I am sure the honourable member for Port Macquarie, who recently raised the matter with me, will welcome the \$56,000 for his neighbourhood centre. I know the honourable member for Bathurst is proud of the work carried out by Lifeline Central West, which will receive \$152,000 to continue its work in Bathurst. I have not forgotten the honourable member for Murray-Darling: Lifeline Broken Hill will receive almost \$108,000.

Recently I visited the electorate of the honourable member for Northern Tablelands. Freeman House, which is operated by the St Vincent de Paul Society, will receive \$45,000 for its ongoing program. I have visited Freeman House on numerous occasions and it is a truly remarkable operation, as the local member, the Armidale community, and the north-west community will attest. Despite claims by the Opposition that the Government favours the city over the country, the latest allocation contained more than \$2.7 million for regional services.

However, the Government has not neglected the metropolitan area. Honourable members in the Western Sydney area will be happy to receive more than \$660,000 and south-west Sydney will receive more than \$796,000. I am sure that the honourable member for Kogarah, the honourable member for Miranda and the honourable member for Menai appreciate the splendid work carried out by the St George-Sutherland Wesley Gambling Counselling Service, which I visited recently. That service will receive almost \$90,500. The Government is rightly proud of what it has done for gambling harm minimisation and problem gambling. It is financing by far the greatest range of services of any State or Territory in Australia and will continue to do so.

Questions without notice concluded.

CONSIDERATION OF URGENT MOTIONS

Regional Information Technology and Communications Strategy

Mr W. D. SMITH (South Coast) [3.26 p.m.]: This motion is urgent because country people deserve adequate access to information technology and communications. The House should consider this motion today because information technology industry clusters are becoming a vital part of many rural and regional economies. This motion is urgent because the people of country New South Wales deserve unequivocal assurances that the Federal Government will provide the infrastructure necessary to support the information technology industry in their areas.

Rail Safety

Mr DEBNAM (Vaucluse) [3.27 p.m.]: This motion is urgent because, as revealed in the media today, the 900,000 commuters who use the rail services in New South Wales every day as a matter of routine have been in the dark for the past five weeks on the major issue of rail safety. Although I am pleased we were able to drag the Minister into the House today to give an explanation, the motion calls on the Minister to fully explain why he has not made public during the past six weeks issues that would concern every single person in New South Wales. The motion is urgent because, as I noted during question time, the last time this Minister gave public reassurances about rail safety in a major statement was literally two weeks before the Glenbrook train accident.

Six months before that, in July 1999, the Minister had also made statements about rail track safety. This Minister has a track record on rail safety, so to speak, in this State. Clearly, rail safety has been a matter of concern to a large number of people. It was of sufficient concern to one staff member of State Rail to leak the memorandum from the train controllers about the need to delay and chop services to allow emergency work to be undertaken. It is urgent that we debate this motion today. The motion of which the honourable member for South Coast has given notice is another example—and we have seen it so often during the past seven years that the Government has been in office—of the Government raising various matters to frustrate what is clearly the urgent issue of the day.

The Government not has an opportunity to vote with the Opposition and agree that the Minister for Transport is completely out of his depth, especially on rail safety. He has form in terms of his public statements in the past. I note from *Hansard* that when he responded to the honourable member for Ku-ring-gai in 1999 he said, "Safety and reliability are paramount to the Government." The Minister made that statement literally two weeks before the Glenbrook train accident. We know about the major inquiry that followed that tragic accident and the recommendations it made. The Minister should have applied himself fully not only to ensuring that trains were running properly and on time but to the issue of safety.

What happened instead? On 3 May this year State Rail issued one press release announcing that it had a new machine—a new toy—to test for cracks in the line. It then conducted the tests and, to State Rail's absolute horror, they revealed extensive cracks throughout the CityRail network. The incident was then covered up—the Minister has learned nothing from the past—and State Rail went quiet. There was no mention after 3 May of this issue, which would horrify the 900,000 commuters who use the train system every single day. There was not one word about it until State Rail was approached late yesterday afternoon and realised that the matter would be made public today.

Today the media of this State have grabbed hold of this issue, which they know is of major importance to the almost one million commuters in New South Wales. What is the Government's response? I bet that it will deny me the opportunity to debate this urgent matter. The Leader of the House nods in agreement. In about a minute the Government will reject my submission. However, we will remind one million commuters in New South Wales every single day for the next 9½ months until 22 March next year—the date of the State election—that the Government refused to debate this issue that goes to the heart of the management of the rail system in this State and of the priorities of the Minister for Transport. I return to the Minister's words just two weeks before the Glenbrook tragedy, when he said, "Safety is paramount to this Government." There was no basis for that statement in 1999 and, as we have seen today from the way in which it has tried to cover up this issue, the Government still does not believe safety is the number one issue for State Rail in New South Wales.

Question—That the motion for urgent consideration of the honourable member for South Coast be proceeded with—agreed to.

REGIONAL INFORMATION TECHNOLOGY AND COMMUNICATIONS STRATEGY

Urgent Motion

Mr W. D. SMITH (South Coast) [3.32 p.m.]: I move:

That this House:

- (1) notes the importance of the development of information technology and communications in regional New South Wales;
- (2) recognises the work of the State Government to encourage the establishment of regional IT clusters in country New South Wales; and
- (3) calls on the Federal Government to commit to providing adequate telecommunications infrastructure in rural and regional areas to help foster these clusters.

Advancements in the information and communications technology [ICT] industry play an important role in our daily lives, and that role will become even more vital with each passing year. The ICT-producing industry in New South Wales is now a significant industry in its own right. New South Wales has the world's seventeenth largest ICT industry, with an annual revenue of \$26 billion. That is 40 per cent of Australia's total ICT industry. The statistics are similar for employment generated by ICT. The industry employs more than 90,000 people in New South Wales, which is more than 40 per cent of the Australian total. New South Wales has the largest number of ICT small to medium enterprises in Australia, with more than 9,000 businesses.

Our 11 universities are training more than 61,000 students in ICT-related engineering fields. That figure does not include the many thousands of students who are studying ICT and related courses at TAFE colleges across the State. In an economy of which the services industry constitutes almost 80 per cent, New South Wales is poised to become a world leader. The New South Wales Government takes this industry very seriously and is keen to ensure that it reaches its maximum potential. We also want to ensure that regional New South Wales does not become a victim of the digital divide. Because advancements in information technology permeate all industries and our daily lives, it is essential that the growth of the industry in regional New South Wales keeps up with that in metropolitan areas.

With Government support, ICT clusters in New South Wales are growing strongly. I am sure that we are all familiar with the famous dot com corridor in North Ryde, which is home to more than 400 ICT companies. Regional New South Wales is forming ICT clusters of its own. The Illawarra, the Hunter, Central Coast and parts of the North Coast are burgeoning ICT precincts. Clusters are important to regions because they generate wealth, exports and jobs and are sources of information. Clusters draw together support institutions and government agencies as well as entrepreneurs. That is what is happening in the Illawarra and on the South Coast.

ICT heavyweights such as Nortel Networks, WDS, Digicore, Motorola, CSC, Telstra and Ericsson have located their operations in the Illawarra. The reputation of the University of Wollongong as a centre for telecommunications research and development has prompted many companies to invest in the region. I remind honourable members that the University of Wollongong has been named University of the Year on two occasions. The New South Wales Government has been on hand to assist, encouraging companies to invest in advanced technology and create highly skilled jobs in the Illawarra.

When Nortel Networks, the global Internet and communications company, was interested in establishing a wireless Internet research and development centre in the Asia-Pacific, the New South Wales Government facilitated this investment. Nortel expanded its technology centre at Wollongong university, which amounted to a capital investment of a staggering \$150 million. The technology centre is now conducting world-leading research and development in wireless technology, such as establishing the physical location of mobile phone users who call an emergency services number. Nortel currently employs more than 400 people in New South Wales, a large number of them in Wollongong.

One spin-off effect of ICT cluster activity is that local capacity is greatly enhanced. The Department of State and Regional Development recently assisted the local Wollongong company Speedlink Communications. The company commenced trading in November 1998 and has established a competitive and viable business. Speedlink's prime business objective is to become the premier provider of customer communications and Internet needs in the Illawarra. On the South Coast, New South Wales Government assistance to Shoalhaven City Council for infrastructure works made the Albatross Aviation Technology Park a reality. The Treasurer, the Hon. Michael Egan, recently opened that facility. Partech Systems, the high-tech defence equipment testing company based in Nowra, also received assistance from the New South Wales Government to help it win huge contracts and accelerate the growth of the business.

The New South Wales Government is not only attracting ICT investment in regional New South Wales but encouraging the take-up of IT in regional areas. As outlined in this week's budget, the New South Wales Government will continue to improve access to information technology in rural and regional areas and improve the delivery of government services. Some \$1.4 million has been set aside to continue rolling out the community technology centres [CTCs] initiative. These centres facilitate online information and services, improve IT skills and training and implement videoconferencing networks. The centres target areas that need them the most: small communities—of which there are many in my electorate—with fewer than 3,000 people. I know that the South Coast community is very appreciative of the CTCs that are established at Ulladulla and Sussex Inlet. Those areas have already benefited significantly from the centres. The budget also sets aside more than \$31 million to fund projects that use technology to improve access to government services in regional New South Wales. These projects include *connect.nsw* and the establishment of the first online entry point for business name renewal and business licences.

The New South Wales Government is also enhancing ICT infrastructure in regional New South Wales. The Australian Centre for Advanced Computing and Communications has points of presence in Bathurst, Newcastle and Wollongong. Also known as the AC3, the facility offers value-added services and high-technology applications for sophisticated computing applications. Australia may be poised to become a world leader in ICT. However, information technology giant Cisco's recent survey of the Australian industry revealed that many barriers exist. Barriers most commonly cited by businesses include insufficient infrastructure, particularly slow and unreliable Internet access, the high cost of broadband, and skills shortages in the industry. Those barriers need to be addressed by Federal Government funding in communications infrastructure and increased funding for the industry.

The industry was hugely disappointed by the Federal Government's budget of last month. It showed that the Federal Coalition Government is more interested in building fortress Australia than building a future for Australia. With regard to broadband and Internet access, the Federal Government backed out on its election promise of \$2.1 million for a broadband content fund. In effect, that means that the Coalition has backed away

from the importance of the role that broadband plays in areas such as health, education and government services, particularly in regional areas. The freeze on the research and development Start Program will severely curtail innovation in Australian ICT companies.

That is another very poor and ill-considered move by the Coalition Government when one considers how successful the New South Wales Government's ATS program has been in regional New South Wales. The paltry and pathetic \$500 per mature-age student for information technology skills training has been described by the industry as a complete joke. The Labor Party is committed to supporting this smart, value-adding industry—an industry that makes a proven contribution to economic growth, an industry that creates highly skilled jobs, an industry that maintains our international competitiveness. The Coalition continues to treat the industry and regional Australia with contempt. Selling Telstra will fill the deficit-wielding Federal Government's coffers, but it will not propel us into the future. The Federal Government does not understand that Telstra needs competition, and not privatisation.

Mr O'FARRELL (Ku-ring-gai) [3.42 p.m.]: Instead of simply seeking to make their case with reference to what they believe to be the beneficial programs of their own Government, Labor Party members continue to feel the need to invent criticisms of the Federal Government. We see this day in and day out. First I will address the last remark of the honourable member for South Coast. He dares to talk about the privatisation of Telstra. The former Prime Minister, Paul Keating, who has more than a passing acquaintance with the electorate of the South Coast and the Federal seat of Gilmore, started the path to the privatisation of Telstra in such a way that Telstra managed to maintain control of the cables.

Everyone involved in information and communications technology in this country would agree that the model of privatisation settled upon by the Keating Government—ensuring that the cables and systems were maintained with Telstra—has ensured that Australians have failed to gain the advantages and benefits from the competition we all want to see in this area. Many people, including people on the South Coast, have strong memories of the actions of former Federal Labor governments. The industry that the honourable member for South Coast spoke about at length today certainly understands the failings of the efforts of Paul Keating and Labor in relation to Telstra. The honourable member should concentrate on the issues for which his Government is responsible.

Information and communications technology is an important issue. I have travelled throughout this State and I have seen businesses in regional areas such as Nowra, Armidale, Woy Woy, Grafton and others thriving in that field, contributing to an increase in this country's income from export earnings, adding employment opportunities to regional areas and basically building the Australian brains trust. It disappoints me that much of the contribution of the honourable member for South Coast was about Wollongong and Newcastle. I understand that Wollongong and Newcastle are important cities in this State, but one of the Coalition's fundamental criticisms of the Government is that it defines New South Wales in terms of "N" for Newcastle, "S" for Sydney and "W" for Wollongong.

If members want to talk about regional and rural New South Wales, let us talk about the areas outside those three cities—areas that do not enjoy the same sorts of benefits that the people who live in those three cities enjoy. It is simply not bona fide for the honourable member for South Coast to seek to support an argument about the importance of the development of information and communications technology in regional New South Wales by concentrating on the second and third largest cities of this State. If we are to be serious, we need to talk about the villages, towns and centres west of the Divide, which really do suffer a digital divide. As recently as two months ago, in relation to legislation brought forward by the Minister for Information Technology, I said that the Carr Government has had a road-to-Damascus experience in relation to this technology.

Ten years ago the Kennett Government was elected to office in Victoria. Whatever one might say about the legacy of the Kennett Government, the one area in which even Steve Bracks and his Treasurer pay credit to Jeff Kennett and Alan Stockdale is information and communications technology. Within two years of coming to office, they had established a telecommunications platform that connected all the towns, villages and cities across Victoria—and they did so without the expenditure of one single taxpayer dollar; it was underwritten by the private sector.

What was the effect of putting forward that statewide communications platform? First, it gave people who lived in the smallest of villages in Victoria access to the Internet at local call rates, because of the purchasing power involved in a statewide platform. It also meant that companies could decentralise from Melbourne and settle in Victoria, wherever they liked, to develop their information and communications

technology, which they did. What has happened in this State? I acknowledge that there have been advances in information and communications technology, but they have been piecemeal and slow. Ten years after the Kennett Government started its reforms, this State is only getting started on its reforms in that regard.

Mr Martin: That's not true.

Mr O'Farrell: It is true. I challenge the honourable member for Bathurst to prove it is not true. I challenge him to use his contribution to show that people in villages across New South Wales can get local call access to the Internet because of the actions of the Carr Government. The only local call access they have is a result of the Federal Government's actions—thanks to the Federal Minister for Telecommunications, Richard Alston—and the great work of Telstra and people like Roger Bamber and others, including Paul Levins before he reverted to the dark side, in endeavouring to overcome, through the Countrywide program, the digital divide then existing in New South Wales. It is pointless for the honourable member for South Coast to suggest we should prevent a digital divide occurring: it already exists. Using the computer in my home at Roseville, I can do things that people in the west, south and north of this State can only dream of. The Federal Government is tackling the issue; it is spending tens of millions of dollars on it, and I congratulate the Federal Government on that. Before I go any further, I move:

That the motion be amended by leaving out paragraph (3) with a view to inserting instead:

"(3) congratulates the Federal Government on its work to overcome the digital divide faced by people living in regional

In moving that amendment I make the point to members opposite that, unlike them, I have not sought to amend paragraph 2 of the motion. In other words, I am prepared to acknowledge that the State Government has sought to make advances in information technology and communications. However, I reiterate that it has been piecemeal and without priority, and that can be demonstrated by the fact that we are now in the seventh year of the Carr Government and the issue still has not been addressed. That shows a lack of direction in the leadership of the Government of this State. Bob Carr is into blackboards and chalk, he is not into computers and computer programs.

Mr Martin: Have a look at the education system.

Mr O'Farrell: I thank the honourable member for Bathurst for that interjection because I want to speak about the education network. It is true—and I am happy to give credit to the Carr government for the introduction of computers into schools—that we had a bit of a problem at the time in relation to unpacking and maintaining those computers but, nevertheless, six years later computers are in schools and those schools are connected. I say to the honourable member for Bathurst that he would be aware of the Department of Education and Training telecommunications platform and the Department of Agriculture telecommunications platform. The Department of Transport, State Rail and just about every Government agency runs its own statewide network inefficiently and at great cost to the taxpayers of this State, without providing a single benefit to taxpayers.

I say to the honourable member for Bathurst, again, that almost 10 years ago the Victorian Government established a single platform across the State which gave advantages to ordinary citizens and businesses of that State in relation to leveraging the benefits of one system and providing discounts to the users. We missed that in this State because instead of one system there are multiple systems. If the honourable member for Bathurst does not think that is a problem, that is news to the Premier because currently he has David Hill chairing a working committee to try to put together a single telecommunications agency for this State to try to draw down the advantages that we have seen in Victoria, to try to leverage the investment that is available through the Government sector, and to deliver benefits to ratepayers and residents and ultimately to people who vote in this State.

I am pleased to contribute to this debate. I am pleased to give credit where credit is due to what the Carr Government has done, but I will not stand here and listen to suggestions that the Carr Government, as a latter-day convert seven years after being elected, is providing a decent level of service today to people who live in regional and rural New South Wales, because that is not the case. If Opposition members think it is the case, they will have problems holding their seats next year. Secondly, given that 40 per cent of employed people are in Australia's information communication technology business, and more than 9,000 small to middle sized businesses are operating in the field, we have failed taxpayers abysmally in leveraging for them and giving ordinary residents the benefits that purchasing power of that size should bring. It has been done in other States; it is now being done in Queensland, but this Government is a long way behind.

Mr MARTIN (Bathurst) [3.52 p.m.]: I am delighted to support the honourable member for South Coast in his urgency motion. In contrast to the filibustering that we just heard, I want to refer specifically to some things happening outside New South Wales. The North Coast, for instance, is attracting a range of information technology communication companies. The Coffs Harbour Innovation Centre was established to cater for this growth. That centre has been established within the Coffs Harbour education campus comprising Southern Cross University, TAFE and the Board of Secondary School Studies for years 11 and 12 students. It was designed to provide a catalyst for the growth of technology and knowledge-based industries on the North Coast. With State Government assistance, stage 2 of the project is under way to assess the feasibility of establishing a technology park at the Coffs Harbour education campus. That is a very important initiative.

The centre is a community facility that will enable small start-up enterprises to access office accommodation and business development services to support their growth. We have become familiar with that incubator concept over the past couple of decades. The project will also assist them with commercialisation of their technologies and help them to grow commercially. This is all about creating jobs in the bush with the aid of IT. The Innovation Centre will provide opportunities for students on campuses to obtain employment and establish businesses by gaining information and communication skills on the North Coast. The information technology net can be cast widely across the State. Turning to my own electorate, there are great initiatives for information technology in Bathurst. The Government has located a Node super computer at the Innovation Centre in Bathurst, one of those great decentralisation projects of the Wran Government. Charles Sturt University is across the road and the TAFE campus adjoins it.

The super computer offers an opportunity to develop a very significant technology centre in Bathurst. Just recently the Mayor of Bathurst convened a follow-up meeting that attracted people such as Warwick Watkins, the director-general of the department, the Minister for Information Technology, and people from Telstra—all the big industry players—and local government in the area. That meeting was intended to further develop the technology park concept using the enormous capacity of the Node super computer. Despite what the honourable member for Ku-ring-gai said, the Premier announced a very exciting role for technology infrastructure in the main metropolitan areas of New South Wales. State Rail cabling capacity and transmission towers are being used for the high voltage electricity that is required, and that will assist extension of the infrastructure to the west. Telstra needs to be at the forefront of that development.

One significant reason why Country Labor members are not supporting the sale of Telstra is that that model will be an important vehicle in making sure broadband capacity reaches regional areas. Information technology companies are developing on the North Coast. For instance, Janison's Solutions has just moved to the Coffs Harbour education campus and since moving there has noticed that small companies are experiencing significant growth. That company has identified the pool of skills available to education campus IT graduates as one of the main reasons for establishing itself in Coffs Harbour. Similarly, one can draw a parallel with the IT department at Charles Sturt University in Bathurst. Once again we have created a critical mass. At Charles Sturt University, Professor Terry Bossomaier and the spatial imaging department are doing great work developing game programs and training IT people.

Indeed, the New South Wales Government has organised six scholarships each year through the Land Innovation Centre for young people to get involved in this work. The first batch of those students are going through their training now. They will be guaranteed work with the Land Innovation Centre upon graduation. Not only are we adding to the pool of professionals that will be needed to develop the IT industry out in the regions, we are also making sure that the professional people are there to assist. There are opportunities for young people to be part of that development, and this Government is contributing very substantially to that growth. For that reason I am very proud to support the urgency motion brought forward by the honourable member for South Coast.

Mr ARMSTRONG (Lachlan) [3.57 p.m.]: I support the amendment, but I want to correct several comments by previous speakers. The honourable member for Bathurst spoke about the Wran Government creating the Land Innovation Centre at Bathurst. That was part of the decentralisation program under the Central Mapping Authority, as it was known in the days of the Askin-Cutler Government. He spoke about information technology programs being extended to country areas. He should know that at the last Federal election, when Labor took its IT program to the people of Australia, it was soundly and undoubtedly defeated. One of the reasons Labor was defeated is well explained in an article in the *Australian* on 3 July 2001, as follows:

Labor IT program falls flat: industry.

The ALP's Knowledge Nation report—calling for continued government ownership of Telstra, their funding for research and modest tax reform—has failed to excite the IT industry.

Lobby groups, including the Australian Information Industry Association and the Australian Computer Society, say it is a long on promise but short on detail.

So is the Labor Party: still long on promises but short on detail. The article continues:

The document—put together over almost a year by former science minister and ALP national president Barry Jones and a team of MPs and industry representatives—focuses on topics that have been on the industry's wish list for some time.

Top of the agenda is a reform of the taxation system, including research and development tax concessions and a revamp of share option taxation schemes

The information technology [IT] industry condemned the Labor Party policy and nothing has happened since then that would change that view. The *Australian Financial Review* of 25 August of the same year said, "Bush no barrier to net access". The article by John Stensholt said:

Education and income levels rather than the city-bush divide have most influence on Internet taking place, according to a report released yesterday.

When you take income levels, education, age and the number of children at home into account there is surprisingly little difference in Internet usage between metropolitan and rural Australia.

It is patently clear that this is a stunt and that honourable members have not done their homework, or they have been put up to it. IT is not new in inland New South Wales. Some 27 years ago Colin Travena, in Boorowa in Burrinjuck electorate, was the first chemist in this country to use computers for chemical records. He has now retired and lives in Tasmania. He sold his company for an enormous amount of money. He was the father of the IT industry for chemists. IT is not new in many fields.

The Government could use IT to fix some of the deficiencies in New South Wales. The New South Wales Government privatised the Totalisator Agency Board [TAB] and is content to see 25 small harness racing clubs throughout the State starved out because they cannot afford to have TAB meetings. The technology to run TAB meetings costs between \$5,000 and \$12,000 to install. Clubs at Leeton and Junee have either lost their TAB meetings or just cannot afford to have them. This Government is too mean or does not understand that those clubs cannot get access because the Government is not prepared to support them. Government members pat themselves on the back about what they are doing with IT, but many people in the market place who want to use IT cannot do so because the Government does not understand the benefits of the IT industry.

I also wish to mention the adaptation of IT by the agriculture industry. The dairy and cotton industries are superb. Their communications and information knowledge is unbelievable. They are world leaders. The Moxey dairy at Gooloogong is a world leader. Colifarms are world leaders in agricultural production. The Flannery Brothers at Galong are world leaders in the growing and processing of grains in this State. The Government does not understand that it has the capacity to do something but it has not done it, and this afternoon it is trying to score cheap political points at the expense of people in private enterprise who are making a real contribution.

Mr CRITTENDEN (Wyang—Parliamentary Secretary) [4.02 p.m.]: The information and communications technology [ICT] industry is recognised around the world as one of the key drivers to economic growth. Worldwide in 2000 it was estimated that the volume of trade in ICT was some \$3,500 billion. It is increasing at the rate of 10.6 per cent per annum. ICT can have a major impact on product development, process improvements and service delivery across the economy, thus generating substantial productivity improvements and, hence, wealth creation. The United States of America Department of Commerce estimated that IT industries accounted for one-third of real economic growth between 1995 and 1999, and the United States Federal Reserve concluded that ICT contributed two-thirds of the increase in United States productivity growth between the first and second halves of the 1990s. The Central Coast wants its share of this burgeoning industry.

The information revolution commenced some time ago but it is still in its adolescence. We have to make sure we capture opportunities now to ensure that we can be one of the wealth generators of the future. The Central Coast has a number of developing companies in the ICT industry, and they are assisted through clusters such as *connect.centralcoast* and *connect.it*. Importantly, the State Government is helping to ensure that we get the right skill base on the Central Coast so we can grow these industries. At Wyong High School on 23 May the Minister announced a program unique to any school in this State, public or private. From next year the Microsoft certified engineers course will be offered at that school. It will be offering Cisco accreditation. It will be offering the international computer driver's licence. That is not happening at any private school, let alone at a public one. It is important to ensure we get the skill base in the emerging industries that comprise ICT—industries such as infrastructure technology, software engineering, intelligent systems and human machine interaction and useability.

Part of the process at Wyong High School is to ensure we get into biometrics and robotics. We are going to make sure that our kids get the high-value, high-paying jobs of the future. We want the jobs in hospitality, but we also want to make sure that we get our share of the wealth generators of the future. That is what this debate is about. The Central Coast is very well placed to piggyback, if you like, off the recent national information and communication technology [NICTA] bid win. That bid is Sydney based but there is no reason why we cannot benefit from it. A major research node will occur at the University of New South Wales, and at Australian Technology Park there will be a commercialisation and research facility, as well as at the Australian National University in Canberra. It is important that we make sure that kids realise what the future is. Recently, I was very pleased to meet with Professor Arun Sharma, head of the computing science and engineering school at the University of New South Wales. He is bringing to the Central Coast—in particular, to the Wyong electorate—a robotics display to demonstrate to the people of the Wyong electorate exactly what can be done with robotics. We need to be sure that people are aware of the opportunities. Some young people from the Central Coast have first-class honours degrees in IT. We need to make sure we get more of them. We need to make sure we get more PhD students. We need to ensure that these people are given opportunities.

I turn briefly to the comments made by the honourable member for Ku-ring-gai. The Federation bid that was based in Victoria, and to a lesser extent in Queensland, was beaten by the New South Wales bid. The NICTA bid beat it hands down. I am not sure what the honourable member for Ku-ring-gai is talking about, but I suspect it is ancient history. We certainly heard a lot of ancient history from the honourable member for Lachlan about what happened at Boorowa. The important thing is what happens in the future. We need to make sure we are on top of the game when the emerging technologies arrive that will provide the wealth of the future.

Mr W. D. SMITH (South Coast) [4.07 p.m.], in reply: First of all I thank the honourable members representing the electorates of Wyong, Bathurst, Ku-ring-gai and Lachlan for their participation in this debate. The honourable member for Ku-ring-gai was concerned that we were concentrating too much on Wollongong and Newcastle. He conveniently neglected to mention that in my speech I spoke about Ulladulla and Sussex Inlet. The honourable member for Bathurst spoke about Coffs Harbour and the honourable member for Wyong spoke about Mount Penang. The IT industry is doing very well in regional and country New South Wales.

The honourable member also made comments about the Keating Government. That just indicates how much the Opposition members are living in the past. To refresh their memory, to my horror, federally the Coalition has won three elections on the trot. They have been in the driver's seat for six years, and have had plenty of time to compliment the Government of this State on what it has been doing with IT. Selling Telstra will not do any good for the raft of industries that we have been talking about that rely on adequate communications infrastructure. In fact, the Federal Government still has not delivered on the recommendations of the Beazley report, leaving regional New South Wales well and truly in the lurch. I urge the Coalition Federal Government to follow the example of the New South Wales Government and every other State government in Australia and provide people with every opportunity it can and not shortchange them.

The honourable member for Lachlan said that we are long on promises but we are not delivering. As I said in my initial comments, we have the seventeenth largest IT industry in the whole world, a \$26 billion industry in New South Wales. Forty per cent of all ICT business in Australia occurs in this State. We employ more than 90,000 people—again more than 40 per cent of all wages come from this State—and 9,000 enterprises involved in ICT are situated in New South Wales. So we are doing extremely well. In terms of delivering, \$1.4 million has been set aside to continue our community technology centres, providing online information services and improving IT skills in rural and regional New South Wales. More than \$31 million is set aside in the budget to fund projects to improve access to government services for regional New South Wales. So we have done extremely well in delivering.

The Illawarra was once known as a steel area. Now it is increasingly recognised as a centre for telecommunications excellence in the Asia-Pacific region. In my electorate of South Coast a new technology park focuses on high-technology defence-related fields—really high-tech material which will surely attract great technology investments in my area. The honourable member for Wyong was very positive and convincing in his contribution in relation to the Mount Penang technology park and the promise that the ICT industry holds for the Central Coast. The Coffs Harbour Innovation Centre will certainly help small businesses and start-up enterprises, access, office accommodation and business development services, which will support the growth in the Coffs Harbour area. It is no coincidence that these regional ICT precincts are growing with the support of the New South Wales Government. Clusters are being formed in these areas, providing greater interaction between participants, the formation of social and commercial networks, and the drawing together of support institutions such as universities and government agencies.

In regional areas the formation of clusters is all the more important because they generate wealth, exports, jobs and sources of information. The ICT industry is a proven contributor to economic growth on many levels: ICT production, the use of information and communications technology as a capital good, and further spin-offs of ICT such as research and development. The message is clear: technology advancements, the growth of the industry and greater adoption have led to greater gross domestic product and employment growth than otherwise would have been the case.

Amendment negatived.

Motion agreed to.

POULTRY MEAT INDUSTRY AMENDMENT (PRICE DETERMINATION) BILL

Second Reading

Debate resumed from an earlier hour.

Ms ANDREWS (Peats) [4.15 p.m.]: It gives me much pleasure to speak in the House today in support of the Poultry Meat Industry Amendment (Price Determination) Bill and the further amendments moved by the Minister for Agriculture. The Premier's response to a question I asked in this House on 13 November 2001 regarding the review of the New South Wales poultry industry under the Federal Government's National Competition Policy was warmly welcomed by chicken growers across the State, particularly in my electorate of Peats. He said:

The review considered the Poultry Meat Act and the Poultry Meat Industry Committee, the committee which provides a framework for determining the prices paid by processors to growers. Without the work of that committee individual farmers would be forced to negotiate directly with large processing companies. They all know what that means. The poultry industry in this State is an important industry, even if it has never attracted the attention or support of the Opposition, not even the National Party. Why can we not find a statement from the honourable member for Vaucluse on the subject? Let me say loudly and clearly to this industry, the State Government will not deregulate. This decision reflects the concerns raised by poultry growers across the State, and the fact that there is no clear demonstrable public benefit from deregulation of this industry.

I take the opportunity to place on record, on behalf of the chicken growers on Mangrove Mountain and in other areas within the Peats electorate, my appreciation to the Premier and the Minister for Agriculture, who is at the table, of their support of the poultry meat industry in New South Wales. The Minister for Agriculture has long been a strong supporter of chicken growers in this State. Shortly after the devastating outbreak of Newcastle disease on Mangrove Mountain on 1 April 1999 the Minister dropped everything in his busy schedule and came to Mangrove Mountain and spoke to a number of the affected chicken growers.

This was in stark contrast to the reaction from his Federal counterpart in Canberra, who did not respond to the many requests by the State Government for the payment of exceptional circumstances funding to chicken growers affected by the outbreak, the largest outbreak of an exotic disease amongst animals that Australia has experienced since European settlement. That was a great pity. It demonstrates that the Coalition Government is not much interested in protecting chicken growers, certainly not as interested as the Labor Government in this State. Chicken growers on Mangrove Mountain were appreciative of the support given to them during the crisis by the State Minister and the State Government through its many agencies.

The bill makes a number of important changes to the Poultry Meat Industry Act that are necessary to preserve the integrity and efficient operation of the system of price regulation established by the Act. The Australian poultry meat industry is characterised by having the majority of birds grown through a contract grower/processor relationship. On contract farms, processors provide the birds, feed, veterinary services, medication, and animal husbandry advice, and undertake growing on the farms, processing, marketing and distribution. Contract growers provide animal management, capital inputs such as land, housing and equipment, meet variable inputs such as bedding, gas and electricity, and are responsible for waste disposal.

About 80 per cent of chickens are grown by contract growers while the balance are produced by a small number of large, company-owned farms. The main reason for processors preferring contract growing is that it frees up working capital for marketing and business growth, rather than locking funds into farm asset infrastructure.

Most integrated processor operations are established within an 80-kilometre radius of large metropolitan areas because of cost savings in relation to distribution, labour and services. Poultry growing

operations are situated in close proximity to processing plants because of cost savings associated with feed transport, the transport of chickens to growing operations and the pick-up of finished birds. Besides the main areas around Sydney, there is substantial poultry production on the Central Coast, in the Hunter Valley, the Riverina, Tamworth, and on the North Coast. Chicken growing sheds are highly specialised and have virtually no alternative use. In addition, they are non-portable.

Because of the geographic location of processors and the requirement that their contract growers are in close proximity, many growers are limited to growing chickens for only one processor. That is especially so on the North Coast and in Tamworth and the Hunter Valley. This makes the growers economically dependent on the processors and highly vulnerable to price manipulation by them. This is why the Poultry Meat Industry Act was originally introduced and why it needs to be maintained and updated. If growers were not given protection, such as is provided by the committee's determination of prices to be paid to growers by processors, it is likely that prices would be squeezed to such a level that at least some growers would be forced out of the industry.

If growers cannot sell to their local processor or obtain a price which ensures their continued economic viability, they will lose everything. Their chicken growing sheds cannot be put to any other use. Although the Government, through the Minister's approval of the committee's price orders, maintains oversight of the pricing structure, the Government does not set the prices. This is done by the industry itself through the committee process. I take this opportunity once again to thank the Minister for his support of the poultry meat industry in this State. I take much pleasure in commending the bill and the amendments to the House.

Mr CULL (Tamworth) [4.21 p.m.]: I am pleased to speak on the Poultry Meat Industry Amendment (Price Determination) Bill, which seeks to extend and clarify the regulations governing the legal relationship between the State's 350 poultry meat farmers and the poultry meat processing companies. The main aim of the bill is to protect the rights of farmers when they negotiate prices with their processing companies. If there was no protection for growers, major processing companies could squeeze down prices and force many growers out of business. Tamworth supports a very large chicken meat and egg industry, which makes a significant contribution to our local economy in terms of employment and investment.

Tamworth growers are concerned that their bargaining position will be weakened if the Act is terminated or watered down, compared with the present situation with fees and conditions established through collective bargaining under the New South Wales Poultry Meat Industry Act. Currently, the Act neutralises the monopoly of the one processor in Tamworth. As small growers have a weak position in contrast to the processor, growers need the protection provided by the Act. It is expected that, with deregulation or the implementation of competition policy, the processor in Tamworth would pay a lower fee to contract growers. There are many benefits resulting from working under the current legislation in New South Wales.

The legislation has brought relative calm in an otherwise turbulent industry. Growers have invested with confidence in new sheds, shed upgrading, insulation, biosecurity, cutting edge technology and computer controls. All this has resulted in cheaper chicken in real terms to the consumer and better quality, finer textured meat from a younger, disease-free animal that has suffered less stress with more computers controlling heat and humidity extremes than in the previous 20 years. Competition in Tamworth is alive and well. When the New South Wales legislation was introduced it brought peace to the industry and allowed country centres like Tamworth to develop as a standard fee was negotiated on an industry-wide basis for a very homogeneous product throughout the State.

In Tamworth the producers and processors of meat chickens are the city's largest employers. Contract growers are pitted against each other in the most vigorous and competitive manner. It is difficult to ignore the fact that strong competition already exists within every section of the industry. We need to maintain that by being able to negotiate with the processors on an industry-wide basis for the whole of New South Wales. The industry needs security. Already, banks are becoming uneasy. They are asking about the progress being made with this legislation. They have suggested more rapid repayments and are talking about risk capital interest rates.

Contract growers in Tamworth and their suppliers could face ruin if the approach to change is not steady. Their equity lies in the legislation before the House. For the past four years Baiada has encouraged growers to upgrade to tunnel ventilation because of the particular requirements of the Cobb birds that the company purchases overseas. Three new farms were started and others were renovated by growers who were optimistic about the industry. Now their indebtedness to the banks is probably at a higher level than it has ever been. Any attempt to impair or reduce their capacity to repay the banks could result in another rural disaster.

Disembowelling the New South Wales poultry meat legislation could be devastating. It takes away from the original farm producer, spreading a portion of what he earns down the line, with processors and supermarkets sharing the benefits.

Egg farmers understand the need for biosecurity measures. When they were deregulated 10 years ago they supplied one-third of New South Wales egg requirements from Tamworth; now they supply one-quarter of the eggs in this State from a motley assembly of unkempt houses and derelict, broken-down sheds. To my knowledge, no new sheds or facilities have been built since deregulation. It is important to recognise the objections of the processors in the present system. Although they make a number of claims, their real motivation appears to be centred on their ability to control contract growers' fees. There is a lot of confusion in the industry about the proposed amendments to the Act, and that needs to be clarified. The Opposition will not oppose the bill, but will move amendments to it in the upper House.

Mr PICCOLI (Murrumbidgee) [4.28 p.m.]: I am pleased to speak on the Poultry Meat Industry Amendment (Price Determination) Bill. The electorate of Murrumbidgee has one of the largest chicken producers in Australia, Bartter Enterprises. Only a few short years ago Bartter had the opportunity to purchase Steggles, and has now become the second-largest chicken producer in Australia. I have spoken to several senior people from Bartter Enterprises, and they have expressed concern about the current state of the industry and the potential repercussions of this bill. They have also indicated other reforms to the industry that they would like to see.

The chicken meat industry is important for the Murrumbidgee electorate, where Bartter employs some 1,500 people. All the chickens they produce are grown by the company, not by individual growers in the Riverina. I understand that Bartter purchased the processing and other operations of Steggles, particularly on the Central Coast and around Newcastle, and it contracts a large number of growers. Obviously, that is where some of Bartter's difficulties stem from. Chicken meat processors like Bartters are facing stiff competition within the domestic market. The New South Wales industry is very competitive, and the industry is very competitive from State to State. Many processors, including Bartter, have expressed concern about the regulatory framework in New South Wales. Indeed, they have commented to me, to Opposition members and to the Minister about the jobs in the industry that are being moved out of New South Wales as a result of the regulatory framework that exists in this State.

The Opposition will not oppose the bill. I simply flag those industry concerns because anything that occurs that leads to a reduction in jobs in New South Wales and encourages investment to occur anywhere other than in New South Wales, particularly in regional areas, needs to be seriously examined. I am not flagging a warning for the future; this is already happening. Some major processors choose to invest outside New South Wales, thereby creating jobs outside New South Wales. Although this bill will proceed through Parliament, a lot more needs to be done. I fully understand the need to assist and protect growers, and I know that other regulated industries have faced difficulties.

Some processors are being hamstrung by regulation. Already about 20 per cent of the State's 322 contract growers have been notified that their contracts will not be extended beyond their expiration in 2004. Under the current regulatory regime many growers will be forced out of the industry. I congratulate Bartters on its wonderful enterprise; it is one of the great success stories in Australia. Bartters began from nothing to become the second-largest chicken meat processing company in Australia. Bartters is facing tough times and tough competition. I am sure that everyone in this Parliament would like that success to continue, and I hope that this is not the end of reforms for contract growers. Companies such as Bartters need to be assisted, as do the growers.

Mr AMERY (Mount Druitt—Minister for Agriculture, and Minister for Corrective Services) [4.31 p.m.], in reply: I thank members on both sides of the House who represent the electorates in which the poultry industry is very strong for their support. I thank the shadow Minister for Agriculture, the honourable member for Lachlan, for facilitating the passage of this bill to meet the timetable of the upper House. I give him an assurance that the Government will continue to negotiate with him and the Opposition when amendments to the bill and other matters are discussed in the Legislative Council.

I thank all members, including Mr Deputy-Speaker, for their strong support of this bill. I would be remiss if I did not mention the honourable member for Peats, who has been a strong supporter of the Mangrove Mountain chicken growers for many years. I thank her for her support, which has led to the review of legislation and the competition policy. In the Committee stage of the bill I will seek leave to move all the amendments

circulated by me in globo. I have had discussions with the shadow Minister for Agriculture and he is aware of the amendments. Therefore, I do not anticipate any great debating points in Committee. I will explain how these amendments came about.

The Government's primary intention in tabling the bill was to provide the New South Wales poultry meat industry with protection from challenges arising under the Trade Practices Act, and to validate current practice in the industry in New South Wales. The bill contains definitions of "pool fund" and "pool fund payment agreement". On close examination of the pool fund definition, sectors of the poultry meat industry deemed this provision to be inconsistent with current industry practice and, therefore, unacceptable. In response to that advice, all references in the bill to the pool fund and the associated pool fund payment agreement will be withdrawn and replaced with terminology which ensures that the bill more closely reflects current industry practice.

This will enable the bill to do what the Government intended. That is, to ensure that the current regulated arrangements in the poultry meat industry are retained for the foreseeable future. However, the Government is aware that the New South Wales poultry meat industry faces a number of competitive challenges associated with technological development within the industry, interstate trading arrangements, and, to a lesser extent, imported product. It is the Government's intention that the poultry meat industry be supported by legislation that enables it to continue to adjust to those competitive pressures. In view of that, I will undertake detailed discussions with growers and processors alike to ensure that the Poultry Meat Industry Act continues to reflect their needs.

Motion agreed to.

Bill read a second time.

In Committee

Clauses 1 to 3 agreed to.

Schedule 1

Mr AMERY (Mount Druitt—Minister for Agriculture, and Minister for Corrective Services) [4.35 p.m.], by leave: For the reasons outlined in my reply to the second reading debate I move amendments Nos 1 to 14 in globo:

No. 1 Page 3, schedule 1, lines 5 to 22. Omit all words on those lines. Insert instead:

base rate, in relation to a class of batch poultry, means the rate determined under section 10 in relation to batch poultry of that class.

batch poultry means designated poultry grown in batches of 1,000 or more.

efficiency incentive agreement means an agreement of the kind referred to in section 7 (1A) (a).

efficiency incentive rules means rules of the kind referred to in section 8 (4) (b).

efficiency incentive scheme means a scheme referred to in section 8 (4) (a).

excluded poultry, in relation to batch poultry the subject of an efficiency incentive scheme, means batch poultry that, pursuant to the efficiency incentive rules for the scheme, is taken to be excluded poultry for the purposes of the scheme.

standard agreement means an agreement of the kind referred to in section 7 (1A) (b).

No. 2 Page 4, schedule 1, lines 8 to 13. Omit all words on those lines. Insert instead:

(1A) An agreement referred to in subsection (1) (a) may be:

(a) an **efficiency incentive agreement**, in which payment for poultry is made to the grower in accordance with an efficiency incentive scheme, or

(b) a **standard agreement**, in which payment for poultry is made to the grower otherwise than in accordance with an efficiency incentive scheme.

No. 3 Page 4, schedule 1, lines 16 to 22. Omit all words on those lines. Insert instead:

- (4) The Committee must not approve a form of efficiency incentive agreement unless:
- (a) the proposed agreement describes a scheme (an *efficiency incentive scheme*) to which growers who are parties to such an agreement will belong, and
 - (b) the proposed agreement contains or adopts rules for the scheme (*efficiency incentive rules*):
 - (i) that define the circumstances in which batch poultry is taken to be excluded poultry for the purposes of the scheme, and
 - (ii) that establish the maximum variations (upwards and downwards) from the relevant base rate that will be allowed in relation to payments for batch poultry (other than excluded poultry) delivered under such an agreement, and
 - (iii) that establish the factors according to which actual prices will be determined in relation to payments for batch poultry (including excluded poultry) delivered under such an agreement, and
 - (iv) that deal with such other matters as are required by the regulations to be dealt with by the rules, and
 - (c) the processor has had consultations with those growers who are prospective parties to such an agreement.

No. 4 Page 4, schedule 1. Insert before line 23:

[7] Section 9 Processor to notify details relating to agreements

Insert after section 9 (3):

- (3A) Without limiting subsection (3), a notification for the purposes of subsection (1) that relates to an efficiency incentive agreement must identify the efficiency incentive scheme to which the grower belongs by virtue of the agreement.

No. 5 Page 5, schedule 1, lines 6 and 7. Omit "pool funds and the determination of pool rules". Insert instead "efficiency incentive schemes and their associated efficiency incentive rules".

No. 6 Page 5, schedule 1, line 13. Omit "(1)".

No. 7 Page 5, schedule 1, line 20. Omit all words on that line.

No. 8 Page 5, schedule 1, lines 24 to 26. Omit all words on those lines.

No. 9 Page 5, schedule 1, lines 29 to 33. Omit all words on those lines.

No. 10 Page 7, schedule 1, line 5, to Page 9, schedule 1, line 29. Omit all words on those lines. Insert instead:

11 Prices payable to growers

- (1) The price for batch poultry received by a processor from a grower:
 - (a) in the case of poultry delivered under an efficiency incentive agreement, is to be determined in accordance with the efficiency incentive rules for that agreement, or
 - (b) in the case of poultry delivered under a standard agreement, is to be determined at a rate no less than the base rate for birds of the class to which the poultry belongs.
- (2) If not paid within 28 days after the relevant batch poultry is received by the processor, the price for the poultry may be recovered by the grower from the processor as a debt in any court of competent jurisdiction.

12 Variation of efficiency incentive rules

- (1) A processor may from time to time vary the efficiency incentive rules for an efficiency incentive scheme, but only if at least 75 per cent of the growers then belonging to the scheme give written support to the variation.
- (2) Within 14 days after varying the efficiency incentive rules for an efficiency incentive scheme, the processor must cause notice of that fact to be given to the Committee.
- (3) The notice must indicate:
 - (a) the terms of the variation, and
 - (b) when the variation is to take effect, and
 - (c) the identity of each grower who has given written support to the variation.

12A No contracting out

- (1) This Part has effect despite any stipulation to the contrary in any agreement, contract or arrangement.
- (2) No agreement, contract or arrangement, whether oral or wholly or partly in writing, and whether made or entered into before or after the commencement of this section, operates to annul, vary or exclude this Part.

No. 11 Page 12, schedule 1, line 20. Omit "**Past payments**". Insert instead "**Payments under past and interim agreements**".

No. 12 Page 12, schedule 1, line 21. Insert "or after" after "before".

No. 13 Page 12, schedule 1, lines 23 and 24. Omit "a fund operating in the manner of a pool fund". Insert instead "a scheme operating in the manner of an efficiency incentive scheme".

No. 14 Page 13, schedule 1, lines 1 to 12. Omit all words on those lines. Insert instead:

11 Continuation of existing agreements and formation of new agreements

- (1) Any agreement entered into before the commencement of this clause continues to have effect according to its terms.
- (2) Agreements in a form approved under section 8, as in force immediately before the commencement of this clause, may be entered into after that commencement.
- (3) Subclause (2) ceases to have effect on the proclaimed date.
- (4) An agreement of the kind referred to in subclause (2) that is entered into after the commencement of this clause ceases to have effect:
 - (a) on the date provided in that regard by the agreement, or
 - (b) on the proclaimed date,
 whichever is the earlier.
- (5) An agreement may not be entered into after the proclaimed date unless it has been approved under section 8, as amended by the *Poultry Meat Industry Amendment (Price Determination) Act 2002*.
- (6) In this clause, **proclaimed date** means a day appointed by proclamation for the purposes of this clause.

Amendments agreed to.

Schedule 1 as amended agreed to.

Bill reported from Committee with amendments and passed through remaining stages.

GOVERNOR'S SPEECH: ADDRESS-IN-REPLY**Twelfth Day's Debate**

Motion agreed to.

Presentation

Mr DEPUTY-SPEAKER: I have ascertained it to be the pleasure of Her Excellency the Governor to receive the Address-in-Reply to Her Excellency's Speech at 5.00 p.m. this day at Government House.

PRINTING OF PAPERS

Motion, by leave, by Mr Whelan agreed to:

That the following papers be printed:

Final Report of the Department of Fair Trading on the Pawnbrokers and Second-hand Dealers Act 1996
 Report of the Review of the Legislation Governing the NSW Child Death Review Team—Part 7A, Children (Care and Protection) Act 1987, dated May 2002

BUSINESS OF THE HOUSE**Address-in-Reply: Suspension of Standing and Sessional Orders****Motion by Mr Whelan agreed to:**

That standing and sessional orders be suspended to provide that on Friday 7 June:

- (1) the following motion be moved:

That this House notes the Address-in-Reply to the Governor's Opening Speech; and

- (2) members who have not spoken to the Address-in-Reply may speak to the motion for a period not exceeding 20 minutes each.

GOVERNOR'S SPEECH: ADDRESS-IN-REPLY**Presentation**

The House proceeded to Government House at 4.45 p.m., there to present to the Governor its Address-in-Reply to the Speech Her Excellency had been pleased to make to both Houses of Parliament on opening the session.

The House returned at 5.53 p.m.

Mr Speaker reported that the Address-in-Reply to the Governor's Speech had been presented, and that Her Excellency had been pleased to give thereto the following answer:

Office of the Governor
Sydney 2000

6 June 2002

The Speaker and Honourable Members of the Legislative Assembly,

It gives me much pleasure to receive your address and to thank you for your expression of loyalty to Her Majesty The Queen.

I am also glad to have your assurance that earnest consideration will be given to the measures to be submitted to you and the necessary provision for the Public Services made in due course.

I have every confidence that your labours will advance the general welfare and happiness of the people of this State.

MARIE BASHIR
Governor

The Honourable the Speaker
and Honourable Members of the
Legislative Assembly of New South Wales.

TABLING OF PAPERS

Mr Whelan, by leave, pursuant to section 26 (1) (b) of the State Owned Corporations Act 1989, tabled the following paper:

Articles of Association for AWT International (Thailand) Limited

Ordered to be printed.

The House adjourned at 5.55 p.m.
