

LEGISLATIVE ASSEMBLY

Wednesday 12 May 2004

Mr Speaker (The Hon. John Joseph Aquilina) took the chair at 10.00 a.m.

Mr Speaker offered the Prayer.

AUDIT OFFICE

Report

Mr Speaker announced the receipt, pursuant to section 38E of the Public Finance and Audit Act 1983, of the Auditor-General's performance audit report entitled "Follow-up of Performance Audit—Controlling and Reducing Pollution from Industry (2001)", dated May 2004.

Ordered to be printed.

PASSENGER TRANSPORT AMENDMENT (BUS REFORM) BILL

Bill introduced and read a first time.

Second Reading

Mr JOSEPH TRIPODI (Fairfield—Parliamentary Secretary) on behalf of Mr Craig Knowles [10.05 a.m.]: I move:

That this bill be now read a second time.

The Government, the community and the bus industry recognise the need to reform bus service delivery in New South Wales. In metropolitan areas, there is no real bus network. Services are planned as a series of individual operations and cannot operate freely outside exclusive contract areas. Bus service contracts have few measurable service requirements and are effectively granted in perpetuity. The funding model rewards operators for cost control rather than service provision. The minimum service level requirements force operators to plan indirect, slow and unattractive services. Not surprisingly, patronage levels on private bus services have fallen consistently since 1991. The Government and the industry share concerns over the financial viability of some operators under the current system.

Across rural and regional New South Wales, community funding is tied up in underutilised fleets. In some cases, services are duplicated while in too many cases an appropriate service is unavailable. Rather than taking a unified regional approach to service delivery, the State currently manages over 1,800 separate contracts for bus services in country New South Wales. The solutions to these problems have come from passenger, community, industry and Government submissions to the Unsworth review. Former Premier and Minister for Transport, Barrie Unsworth, investigated the planning, funding, contracting and statutory reforms required to achieve change. In March the Government gave in-principle support to these reforms.

Many of the ideas are simple, such as having routes that go where people want to go, but are difficult to deliver as things stand now. The Unsworth review crystallised around 3,000 submissions into a series of 48 recommendations. The recommendations aimed to introduce a network of strategic bus corridors supported by an expanded bus priority program, common standards with service levels tailored to each community, the pensioner excursion ticket to all buses across the metropolitan area, performance standards, community consultation, and staff training as key requirements of the new contracts. Another key requirement is better co-ordination of bus with rail and ferry services and the ability to direct public transport subsidies to where they are required.

In January 2004 the bus reform task force, comprising representatives from the industry and the Ministry of Transport, was established to develop options for transitioning to the proposed new arrangements. Limited legislative change is now required to affect these reforms. The Passenger Transport Amendment (Bus

Reform) Bill introduces a more contestable regime of performance-based contracts to replace perpetual contracts with few measurable performance standards and gives the parties the flexibility to determine the terms and conditions of service by shifting the detail from the legislation to the contracts. It allows changes to be negotiated on the expiry of a contract term so that services meet changing needs and facilitates the introduction of more transparent and accountable funding arrangements, including the payment of School Student Transport Scheme [SSTS] subsidies based on actual travel undertaken. It provides an independent process for setting the maximum fares that private or Government-owned bus operators may charge and allows for existing commercial service contracts to be varied or terminated, if that becomes necessary to move to the new system.

The bill creates a new division 3, which deals solely with regular bus services, including transitway services. Contracts for regular bus services will no longer be fettered by legislative provisions which confer exclusive rights to operate services in the contract area, give operators a right of contract renewal in perpetuity on the same terms and conditions, and shackle service planning to rigid minimum service levels. Instead, the bill provides for passenger-focused, performance-based service contracts that are supported by more flexible service planning guidelines. The new division empowers the Director-General of the Ministry of Transport to enter into contracts for regular bus services for a maximum term of eight years. The intention is for new service contracts to be for a seven-year term, while giving the Director-General the ability to extend the contract for up to 12 months.

The bill makes it clear that there is no right or expectation of renewal for a regular bus service contract, except as may be set out in the contract. However, it is proposed that the contract will allow the Director-General to enter into a further contract with the contract holder, if the performance standards set out in the contract have been met and the parties can agree on any new terms. This will allow the Director-General to negotiate changes to contract area boundaries, service levels and performance standards, and subsidy payments, as needs change. The contract will detail how the contract holder is remunerated, including payment of SSTS subsidies on actuals and the right incentives to promote value for money and patronage growth. There will no longer be a distinction between "commercial" and "non-commercial" service contracts.

The new division also allows regulations to limit the number of contracts a person can hold to ensure a competitive market for services and contracts. Proposed amendments to section 16 in division 1 in part 3 will allow a contract holder to enter into arrangements with other accredited operators, such as subcontracting arrangements, to provide services covered by the contract. The new division 3 also permits the Director-General to declare, vary or abolish bus contract regions and strategic corridors from time to time. This does not mean that unilateral changes can be made to service contracts entered into under the new arrangements while those contracts are on foot. In other words, the declaration, variation or abolition of a new contract region or strategic corridor will have no impact on the operation of a new contract.

The bill preserves the power to determine transitway routes. Given the significant public investment in transitway infrastructure, this ensures that the Government is in a position to negotiate the best possible return for taxpayers. It also ensures that the Government can achieve appropriate levels of service integration where a new transitway route crosses contract region boundaries or extends an existing route. Currently, the Independent Pricing and Regulatory Tribunal [IPART] determines the maximum fares that the State Transit Authority [STA] may charge, as a government monopoly service provider, for regular bus services. The new division 3 gives IPART the power to make binding determinations for the maximum fares that may be charged, no matter whether the contract is held by a private operator or the STA. Compliance with IPART's determination will be an essential term of the contract. In other words, the contract may be terminated if the holder charges more than the maximum fare set by IPART.

The bill also amends the accreditation regime for operators and drivers—other than taxi-cab and private hire vehicles—making it clear that different accreditation standards may be prescribed for different kinds of services. This provision aims to maximise flexibility and improve service delivery, particularly in rural and regional areas. As well as the provisions for contracting bus services, the bill contains savings and transitional provisions which preserve bus service contracts that are in force immediately prior to the commencement of the amendments, and provide the director-general with powers necessary for the transition to the new arrangements. The bill gives the Director-General of the Ministry of Transport power to vary and/or terminate existing commercial contracts, defined in the bill as commercial contracts and transitway contracts.

I wish to make it clear that the Government does not want to have to resort to legislation in order to extinguish existing contracts, and the Bus Reform Taskforce has established a process to achieve negotiated outcomes. However, the Government is committed to bus industry reform, and the power to end existing

commercial contracts is necessary to give effect to that commitment if negotiated agreements cannot be reached. The bill also contains a clause protecting decisions to vary or terminate existing commercial contracts from judicial review. This clause is justified on public interest grounds because it aims to prevent unnecessary costs and delays, as well as to promote efficiency and provide finality. Ongoing uncertainty is not good for the industry or for the public, especially bus users.

The savings and transitional provisions also make it clear that the Crown will not be liable to pay compensation for damages, if any, arising from these reforms. This provision is based on section 65 of the current Act. It recognises that existing commercial contracts were not awarded through any kind of open competitive tender process, but that the 1990 Act handed them to existing bus operators, with contract areas reflecting traditional service "territories". It recognises that the viability of these businesses hinges on a large injection of taxpayer funds through SSTS payments and concession reimbursements: more than \$260 million in 2002-03. And it recognises that the Government is giving existing operators every opportunity to remain in the industry, under new performance-based contracts. Finally, some complementary or consequential amendments are also made to other Acts and regulations. This bill will enable the Government to deliver on the initiatives outlined in the Unsworth report and will allow operators to provide more passenger-focused and viable bus services. I commend the bill to the House.

Debate adjourned on motion by Mr Steven Pringle.

WATER MANAGEMENT AMENDMENT BILL

Bill introduced and read a first time.

Second Reading

Mr CRAIG KNOWLES (Macquarie Fields—Minister for Infrastructure and Planning, and Minister for Natural Resources) [10.16 a.m.]: I move:

That this bill be now read a second time.

We live on a continent whose rivers and aquifers provide life to unique environments, generate wealth for regional communities, provide substantial employment opportunities in rural areas, and support the supply of food and fibre for a nation and growing exports. We live in an arid continent, and the drought that we are still experiencing has reinforced how critical water is to our daily lives. However, we have only begun in recent years to develop a better understanding of our nation's rivers and groundwater sources. It has become clear that the way in which we are using these systems cannot be sustained, particularly given other external pressures on the resource resulting from climatic change, population growth and land use changes. In turn, these pressures are threatening the regional industries and communities that depend on water for their survival and continued prosperity.

This is the backdrop to one of the most significant policy challenges faced by the Commonwealth and State governments in recent times. As custodians of the water resource, governments and the communities they represent have an obligation to ensure that the water resource is used sustainably, so that the regional communities and industries, as well as ecosystems that depend on them, can survive and flourish into the future. The Water Management Amendment Bill sets part of the framework for a new era of water management in this State, which will deliver far-reaching benefits for the economy, the environment and the prosperity of communities. The new framework will provide strong incentives to use water profitably and efficiently, thereby creating not only business opportunities and jobs for Australians but also opportunities for more water to be allocated to the environment.

The bill will establish New South Wales as a leader in implementing the principles of the National Water Initiative and place us in the league of world's best practice. The key objectives of the new legislation are: to establish secure water access entitlements to drive investment in sustainable agriculture, to give clear legal status to environmental water and the capacity of catchment management authorities to administer environmental water as an integral part of total catchment management, to provide a transparent water planning process where any future changes to access share entitlements are based on an independent assessment of catchment outcomes and socioeconomic impacts and to create streamlined and robust administrative arrangements to facilitate trade in water to generate greater economic returns and assist industry adjustment. By focusing on these key drivers for sustainable management, New South Wales will build on its reputation for world's best practice in water management.

Before I turn to the amendments in detail, it is worth mentioning briefly the context in which this bill has been brought forward. When this Government was elected to office in 1995 it embarked on the most significant water reform process ever undertaken by a government in this country. In the period 1995 to 1999, we commenced the process of returning much needed water to the environment by establishing environmental objectives and minimum environmental flows. It was clear, however, that if we were to achieve these objectives without compromising the ability of irrigator and farming communities to plan ahead with confidence, we needed a new framework for managing our water resources. The old Water Act 1912 provided no certainty: not for farmers, not for irrigators, not for the environment.

The passage of this Government's Water Management Act on 8 December 2000 heralded a new approach to water management in New South Wales. Four features of this legislation should be emphasised. First, the Act established fundamental objects and principles for protecting, enhancing and restoring water sources and their associated ecosystems. Second, the Act created the platform for a more certain investment climate and a fully functioning water market through three things: water sharing plans to set the rules for the allocation of water between environment and water users for the next 10 years; clearly defined access share entitlements in available water which are separate from land ownership; and a register to record all water entitlements, the ownership of these entitlements, and third party interests.

Third, the Act established the principle of adaptively managing the resource in light of new information, so that the way in which the resource is shared between the environment and water users is informed by the environmental condition of the resource and overall catchment health. Fourth, the Act provided for the introduction of a more inclusive process for making decisions on allocating water, providing the opportunity for community-based groups to submit their views on water allocations and for a comprehensive assessment of environmental and socioeconomic considerations as part of the decision-making process.

Under the Water Management Act 2000, New South Wales has built the foundations of its new water management framework. Thirty-six water-sharing plans have been developed through extensive consultations with regional-based communities. These plans account for 80 per cent of water use in New South Wales. We have developed access share entitlements to replace the old water licences, to be issued to water users in areas covered by the water sharing plans, and a comprehensive access entitlement register has been installed at the New South Wales Land Titles Office. As honourable members would know, I have deferred the commencement of New South Wales's new water management framework. I did so with good reason.

One of my primary objectives since coming into the Natural Resources portfolio has been to ensure that these significant reforms are ready to be put into operation. These reforms offer great economic and environmental benefits to New South Wales. When the Deputy Prime Minister, John Anderson, promoted the idea of a national water initiative [NWI] last year, I saw the opportunity to do four things: first, to enhance and build upon our reforms so that they align with the major elements of the initiative; second, to secure the support of the Commonwealth, stakeholders and communities for our reforms—reforms that enjoy such support will have far greater success than those that do not—third, to participate in a truly national reform process that will deliver nation-wide benefits. If jurisdictions can act under a common water framework, the environmental, economic and social outcomes of water reform will be vastly improved. The fourth action was to forge an agreement on tackling the environmental problems of the Murray River under the umbrella of the initiative. New South Wales and four other governments have jointly committed \$500 million to achieve improved environmental outcomes for six icon sites on the Murray River. This is a first step in providing up to 500,000 megalitres of extra water for the health of those six sites, with a view to improving bird breeding in wetlands and maintenance of red gum forests and floodplain ecosystems.

It is true to say that the work over the past year on the national water initiative sets a strong foundation for our nation to get the sustainability agenda right for future generations. It has been groundbreaking work and in the case of the Murray, the shift to focus on tangible results rather than bog down in arguments about volumes of water represents a major advance in the thinking about water and sustainability. It is now time to commence our new water management framework. With the exception of water-sharing plans for six groundwater sources, to which I shall turn in a moment, we are committed to commencing our new framework on 1 July 2004, so that water users can get on with what they do best: planning their futures to create wealth and opportunities for regional New South Wales. I wish to make four further points before detailing the amendments.

First, the bill is consistent with the fundamental principles agreed to by the Council of Australian Governments [COAG] in March 2003 and which underpin the NWI. The bill reflects those elements of the NWI on which there is broad consensus. By making these changes now, we will hit the road running in meeting our

commitments under the NWI, and confirm beyond doubt this State's leadership on water reform and its commitment to world's best practice. Second, one issue awaiting resolution through the NWI is how the costs of any future changes in water access will be apportioned between governments and users. This bill cannot and does not attempt to address the issue of management of risk until the public debate on the matter has advanced further. The governments of Australia are yet to finalise a position on the question of risk. We will attempt to do so in the coming weeks in the lead up to the June COAG meeting. In the meantime, it is fair to indicate the range of options currently on the table for discussion.

So far, one model has been proposed by the Senior Officers Group on Water, a combined State, Territory and Commonwealth task force, which shared risk according to whether a change in access to water was due to government decision, climate change or based on science. The National Farmers Federation has put forward a proposal that would involve a different method for determining whether changes were science based or policy based. Whilst both models are worthy pieces of work, neither provides the degree of surety necessary for investment security and certainty. We must remember that providing certainty and security to both water users and the environment is paramount. That is why New South Wales put forward a further possible model under which the amount of uncompensated change which users could face within a 10-year period would be capped. I say upfront that while I am in no way wedded to this model, I consider that it offers some advantages over other proposals which suggest that the costs of reduced access be apportioned differently according to whether such reductions were prompted by science or by changes in policy.

Whatever the outcome of the continuing national discussion about risk sharing, the principles which will form the basis of a successful risk assignment model will involve the following four features: one, an acceptable limit on the rate of adjustment that is feasible for water users to accommodate, both within a plan period and between plans; two, the overall level of change in the long term which could be expected to be made without triggering significant adjustment assistance and/or compensation; three, clarifying the extent to which it is feasible to differentiate risk on the basis of whether it is driven by science or by policy; and, four, a high degree of certainty and security to enable water users and the environmental representatives to make sound decisions.

These principles are important for investors, for lending institutions, for government and for the environment. Without this certainty there will be no confidence to invest and very little investment for either production or the environment. I believe I speak for other governments and jurisdictions, State and Commonwealth, that we welcome additional ideas about the risk-sharing issue before arriving at a final position. In New South Wales this may require further amendments to the Act. Honourable members may be aware that the State's major inland groundwater sources, the Namoi, Gwydir, Murrumbidgee, Murray, Lachlan and Macquarie, are among the most stressed in New South Wales. It is clear that reductions in access are necessary in those systems to ensure their sustainability of groundwater sources and the survival of their dependent communities. However, the Government is reviewing its approach to reducing water access in those systems, and is considering ways of assisting users in those systems to ease the burden of change and avoid causing social dislocation.

Our work has been assisted by the high levels of co-operation and advice from numerous water user groups and individuals. In this Government's view, Commonwealth involvement in the adjustment process is necessary if the burden of change for regional communities is to be minimised. The Government is holding discussions with the Commonwealth Government on this very issue. I am pleased to say that these discussions have been very constructive, and am confident that an announcement will be made in the near future. Both governments support this approach because it allows us to work through complex issues of history of use, environmental sustainability and sustaining regional communities. To allow time for those issues to be resolved, water-sharing plans for those six groundwater sources will not commence until July 2005. I am sure that honourable members would agree that this is a sensible approach to this most difficult issue. I know, from my personal discussions, that it has the support of the Deputy Prime Minister.

We must recognise that water for any purpose is not a free good. It comes at a cost. Without securing the capacity to invest in water efficient practices and to invest in infrastructure, there can be no real, lasting and substantial change to the way water is managed in this nation. The overwhelming bulk of water is in private hands and without the confidence and security delivered by these measures, there is little prospect of changing farm practices and almost no prospect of large scale gains for the environment. The old notion that it is possible to simply take away components of a property right, in this case water, that has underpinned regional economies is highly misplaced. The fact is that so-called water rights have been tenuous since 1912. The Water Act of 1912 allowed Ministers to take away a water access right without compensation. By moving over recent years

towards a regime of water-sharing and planning, the governments of Australia have put a spotlight on these historic assumptions; especially the assumptions that have underpinned bank lending practices. In doing so, we now have a responsibility to confirm the security that has been implied for more than 100 years.

I turn now to the Water Management Amendment Bill 2004. In my view, the elements of effective water management policy include water access entitlements and water planning frameworks, water resource accounting, water markets and trading, and integrated management of water for environmental outcomes. These elements are reflected in the water management principles on which the Premier signed off in August 2003 at the Council of Australian Governments. These principles underpin the national water initiative and are the focus of this bill. Together with best practice water pricing, which was implemented through the provisions of the Water Management Act 2000, this bill contains bold changes to enable a new water economy where the rights of the environment and users are preserved in perpetuity and the market in water can assist in enhancing economic, social and environmental outcomes.

The amendments fall into three main areas. The first is water planning processes and water access share entitlements. This first group of amendments deals with the building blocks of our water management framework and those issues of primary significance under the national water initiative. These amendments provide for clearer water planning processes, to ensure access share entitlements and a more robust entitlement register. The second is integrated management of water for environmental outcomes. These amendments consist of a number of complementary initiatives that will help to achieve our objectives of moving to a more market-oriented, innovative and less bureaucratic approach to water management in which the knowledge of regional communities is harnessed to achieve good environmental and economic outcomes.

These amendments will confirm the role of regionally based catchment management authorities in environmental management, provide the authorities with the ability to use innovative approaches to returning water to the environment, facilitate water trading, reduce red tape in the administration of approvals relating to the taking of water through pumps and bores and the use of water for particular purposes on land, and provide improved management of domestic and stock rights. The third is implementation of the water-sharing plans. These amendments primarily correct a number of miscellaneous matters relating to the operation of the water-sharing plans. These amendments are necessary to ensure that the water-sharing plans operate from 1 July 2004 in the manner intended.

Water-sharing plans apply to individual water sources or systems. They set clear rules for providing water to the environment and for sharing the water available for use between different categories of water user—towns, industry and irrigation—for the next 10 years. The water-sharing plans also set rules for water trading. The water-sharing plans therefore play a vital role in protecting the environment, are a principal determinant of access to the resource, and are a key mechanism for fostering certainty and confidence amongst water users. Because so much rides on the plans, we need to ensure that the processes around making future water allocation decisions provide for two things: first, robust and independent assessment of priority catchment health and relevant social and economic issues; and, second, certainty to farmers and rural communities.

The key reference point for making a determination on future water sharing should be the overall health of the catchment. Catchment health is not just affected by water-sharing arrangements. It can also be affected by numerous factors, including water extraction, water contamination, changes to native vegetation, land use and salinity. This is explicitly recognised in this Government's work to integrate its natural resource reforms, including the establishment of catchment action plans. The catchment action plans will contain standards and targets for environmental health and will provide the framework within which a number of natural resource reforms can interact to deliver good outcomes. Given this whole-of-catchment approach to natural resource management, it is logical and appropriate that the water-sharing plans be reviewed in the context of the achievement or non-achievement of standards and targets that have been set for individual catchments.

Unfortunately, the current legislative regime does not allow for an approach that is based on an assessment of overall catchment health. At present, under the Water Management Act 2000, when a water-sharing plan reaches the end of its 10-year life, a new 10-year plan needs to be made. There are no exceptions. This means that our efforts are potentially wasted on remaking plans when there is no compelling reason to do so and when other environmental health issues deserve our attention. Under this bill New South Wales will adopt a clear, transparent and cost-effective process for making future decisions about allocating water between consumptive use and the environment, consistent with a best practice adaptive management approach.

The recently established Natural Resources Commission will provide advice to me on progress in achieving the targets and standards in catchment action plans. Within this context the Natural Resources

Commission would also look at water-sharing plans and advise me on whether the provisions in these plans are materially affecting the achievement or non-achievement of targets and standards in catchment action plans. In conducting its reviews, the Natural Resources Commission may refer to information provided by other agencies, along with statewide and regional government policies or agreements that apply to the catchment management area. It will also call for and have regard to relevant public submissions. It will also be able to examine the socioeconomic impacts of the current water-sharing plans and the impacts of any proposed changes to those plans. Once it has concluded its review, the Natural Resources Commission will report the results to me and may submit recommendations on whether a water-sharing plan and/or catchment action plan should be remade or extended.

The Natural Resources Commission is ideally placed to perform the task at hand. It is an independent body, which will advise me on a number of natural resource issues and will ensure that the Government's decision is informed by the requisite degree of scientific rigour. I will make the Natural Resources Commission's report public within six months of receiving it. I will only extend a water-sharing plan or catchment action plan if this is consistent with the recommendations of the Natural Resources Commission. I will only amend or remake a water-sharing plan if I have the concurrence of the Minister for the Environment. Through this process users will gain considerably more certainty from the knowledge that future decisions on water will be based on the best available scientific and socioeconomic information, collected by regionally based catchment management authorities and assessed through open review processes conducted by the Natural Resources Commission. The Government will be able to determine the priority issues affecting catchment health and how they should be targeted. In terms of protecting investors and the environment, this process is a significant leap forward over the current provisions in the Act.

In August 2003 the Premier and other leaders at the Council of Australian Governments agreed to the principle of defining entitlements as "open-ended, or perpetual, access to a share of the water resource available for consumption". The principle has a firm foundation. Perpetual entitlements are a more robust, bankable and attractive asset. Water users will have more certainty and confidence in planning for the long term, including investing in water efficient infrastructure that is dependent upon access to water. Banks and other lending institutions will be more prepared to assist users on the basis of solid collateral. The value of water is primarily determined by its availability. However, perpetual entitlements will also enhance the value of entitlements, thereby providing strong incentives to conserve water. Those who want to enter the water economy, those who want increased access through buying more entitlements or those who want to profit from selling excess entitlements will need to manage their use efficiently. This will help to ensure that one of our country's most valuable resources—water—is directed towards more efficient and productive agricultural uses.

Amendments to the Water Management Act 2000 will therefore be introduced to give most categories of access share entitlement perpetual duration rather than the 15 years duration currently provided for. There will be some uses for which perpetual access share entitlements will not be granted. Supplementary water access, for example, will not be made perpetual, as under our water management framework such access will only continue for as long as a water-sharing plan provides for it. Previously known as off-allocation water, this is water that is opportunistic in its availability. It is important that a distinction be made between this type of water and other water such as general and high-security water. It would undermine the value of general and high-security water if supplementary water were treated in the same way. It would send the wrong signal to the industry that it would have the right to obtain access to this water in perpetuity. This may not always be the case. It is therefore important for industry to take this into account when making future investment decisions.

Likewise, some categories of access entitlement are issued for specific purposes at specific locations, and will not be tradeable. Such entitlements are not appropriate to be granted in perpetuity. These would include: major utility access entitlements; local water utility access entitlements; basic domestic and stock access entitlements, which are tied to land and not subject to embargo; and access entitlements in any other category issued for a specific purpose. In relation to perpetual access share entitlements, I need to make three important observations. First, it has been suggested in some quarters that in creating perpetual access share entitlements we are effectively privatising the resource by guaranteeing a particular volume of water to users. This view is premised on a misunderstanding of the rights attaching to an access share entitlement. Indeed, the tenure of the access share entitlement does not affect the ownership of the resource.

The water of New South Wales remains vested in the Crown and the Crown retains ultimate control over the resource. Water users are given the privilege of access to the water by way of an entitlement. Underpinning New South Wales' new water management framework and the national water initiative is the principle that the environment and users share the resource made available by the Crown. Foremost, the rules of

water-sharing plans provide and protect water for the environment. They also govern the sharing of the water available for extraction among users. A perpetual access share entitlement gives the entitlement holder a perpetual share of the available pool of water for extraction. It is important to emphasise that last point because what the water user gets is a perpetual share of the available water, not a guaranteed volume of water.

Under New South Wales' new water management framework, the actual volume of water that a water user receives will vary depending on the amount of water in the water source, as affected by climate, the pool of water available for extraction, as determined by the Minister from time to time, according to the rules of the water-sharing plan, and the water user's share of the water available for extraction, as specified on the access share entitlements which he or she holds. Our amendments will reinforce that water users have a share of the available pool of water for extraction by allowing for the access entitlement to specify unit shares in the available pool rather than a volume of water in megalitres.

The specification of entitlements as shares rather than a volume of water in megalitres neither diminishes nor increases the water user's rights. Rather, the intention is to communicate the nature of each person's entitlement with clarity, and this is important not only for future investment but also for the environment. Unit shares are a far more accurate and reliable indication of the nature of the entitlement than a volume because, as we know, the actual volume of water that a user can extract will vary depending on the total amount of water available to users. Users will have a clear signal about what their entitlement gives them, thus avoiding any misunderstandings about the true availability of the resource.

Second, the introduction of perpetual access share entitlements will not affect the Government's ability to provide water for the environment. This is because environmental water is determined by the rules of the water-sharing plan. The tenure of access share entitlements has no bearing on the operation of these rules. Third, it has been suggested that a perpetual access share entitlement will allow water users to use water ad infinitum for potentially damaging environmental purposes. Again, this is a misconception. The access entitlement only governs access to the available pool of water for extraction. It governs neither the construction of works to take water nor the actual use of water on land for a specific purpose. These activities are governed by completely separate instruments—approvals—issued by the Government. The Government retains the power to impose a variety of conditions and other environmental controls on these instruments, as and when appropriate.

A robust entitlement register is integral to encouraging investment in sustainable water industries and water trading. Accordingly, New South Wales will place access entitlement dealings on the same footing as land dealings. The security interests of lending institutions and other third parties will be recorded on the register. Moreover, lending institutions will have the ability to exercise the same powers that they currently exercise under the Real Property Act, for example, in relation to defaults on mortgages. The provision of indefeasibility of title for interests recorded on the register will confirm the register's world-class status. Indefeasibility of title is an absolute guarantee that the details on the register provide a complete and accurate account of the nature of an entitlement, the entities that hold it and all interests associated with it.

At this stage, the register has not been fully validated, as ownership details are still being verified and lending institutions need time to record their interests on the register. I have used the process of converting the old system title to Torrens real property title as a parallel example of the process involved—a complex and exhausting process for about 60,000 licences that will take time. As a result, it is not possible for the register to offer indefeasibility of title immediately. The Government, however, will use its best endeavours to work with lending institutions to provide a model of indefeasibility of title within three years, and will review progress on this front in two years.

People need to be able to develop and implement local solutions for issues that they are often in the best position to understand. As catchment management authorities will be small, skills-based bodies drawn from local communities, they are well placed to be involved in developing future water management plans and in evaluating the achievement of outcomes in existing water-sharing plans and catchment action plans. This will ensure that water management decisions are tailored to address local circumstances and that there is strong local ownership of the reforms. The Water Management Amendment Bill proposes amendments to give the catchment management authorities the capacity to undertake these responsibilities.

Moreover, the catchment management authorities will have the capacity to address some water management issues through catchment action plans rather than through the establishment of new water management plans. Water quality or water quality monitoring could be more fully integrated into the catchment activities within a catchment action plan, thus obviating the need to develop new regulatory plans. This will save

time and costs. Those water management issues such as water sharing, floodplain management or water use—that involve the definition of basic statutory rights—will continue to require stand-alone regulatory plans.

In line with world's best practice, innovative approaches for recovering water for the environment will be developed so that governments and communities have greater flexibility to meet their environmental objectives. The Water Management Act 2000 will be amended to enable catchment management authorities to establish trust funds for the purposes of acquiring and managing adaptive environmental water; that is, water which is primarily intended for environmental purposes but which may be taken and used for non-environmental purposes when it is not needed by the environment. Catchment management authorities will be able to hold access licences to which such adaptive environmental water may be credited.

Under these measures, for example, water could be sold to users counter-cyclically: the sale or loan of water to users during droughts on the understanding that more will be returned in wetter periods to achieve the maximum environmental benefit. This type of innovative practice is already occurring with very positive effects in the Murray Basin under the management of the Murray Wetlands Group. The model should be extended. To minimise potential conflicts of interest in the management of environmental water, catchment management authorities will operate according to strict governance procedures requiring, among other things, catchment management authority members to declare financial interests and to provide the Government with annual business plans setting out prospective environmental water management projects.

Setting up mechanisms for new and clever ways of recovering water is an important part of the formula for sustaining environmental assets. Without continuing good information and knowledge, the best results will not be achievable. To this end, the Water Management Amendment Bill provides for the creation of a Water Innovation Council to advise the Minister and catchment management authorities in identifying and pursuing a range of water conservation and environmental protection opportunities, including opportunities for environmental water recovery, water reuse and water use efficiency. It will be in a good position to identify the most promising opportunities having regard to the latest national and international developments and the initiatives of other players.

There will be a number of water recovery schemes under way over the coming years. The Snowy Joint Government Enterprise has commenced operations to allocate increased flows down the Snowy through water savings schemes in the Murray. Once operational, the Living Murray Initiative will also be funding substantial water recovery measures. The council will be in a good position to advise catchment management authorities and the Government on how various schemes might be co-ordinated to achieve the optimal environmental and economic results for every dollar that is spent.

Water trading is the key vehicle for moving water to more productive and efficient uses and assisting water users to adjust to changes in water availability. A robust water-planning regime, secure access rights to water and a strong access entitlement register are necessary to provide users with the confidence to engage in water trading. In order for a water market to operate effectively, however, barriers to trade must be minimised or removed, where appropriate, and users must be furnished with the necessary information and tools to enable them to engage in a range of water dealings. In line with world's best practice, the bill will facilitate water trading as far as possible within environmental limits, through the following initiatives.

Information on volumes of water traded and prices paid will be vital for instilling the necessary confidence for trading to occur. The bill contains amendments to ensure that such information can be made publicly available, as is the case with land dealings under the Real Property Act. Giving water users maximum flexibility to deal with their perpetual access share entitlements in the most profitable way, just as landowners have considerable flexibility to deal with their assets, is one of the key objectives of New South Wales current water reforms. To this end the bill provides for entitlement holders to transfer or assign their access share entitlements for a limited period of time, similar to the way in which a lease operates for land, and for entitlement holders who are tenants in common to transfer their access share entitlements, as can happen with land. There are often delays between settlement and registration, particularly if there are mortgages involved. Under the bill, entitlement holders will be able to gain access to current allocations ahead of a water dealing being registered.

When ownership of an access share entitlement changes, environmental issues only arise if there is also a change in the location at which water is extracted in association with that share entitlement. Under the Water Management Act 2000, all changes in ownership of a licence currently require the Minister's consent, even if the change in ownership does not involve a change in the location at which water is extracted. The effect of this is

to burden simple changes in ownership that do not involve a change in the location at which water is extracted with an administrative process. That is unnecessary red tape. In most cases this should not be necessary. This comes at a cost to the Government and to users. The Water Management Act 2000 will therefore be amended to remove the requirement for the Minister's consent to a change of ownership of a licence which does not involve a change in the location at which water is extracted. The Minister, however, will retain the ability to review simple changes in ownership when it proves to be necessary.

The bill allows for perpetual access share entitlements from one State to be used to supply water in another State. The great advantage of this arrangement is that it removes the need for perpetual access share entitlements to be converted, involving the cancellation of an entitlement in one State and the issuing of a new entitlement in another. This will reduce costs. An example of when this could easily and effectively be used is when a Victorian irrigator on the Murray River purchases a New South Wales Murray River access share entitlement and uses it through pumps on the Victorian side of the river. The same could apply on the border rivers between New South Wales and Queensland.

In addition to an allocation, anybody wishing to use water for a particular purpose or to construct works to take water needs a separate approval. The approval system is the key mechanism for ensuring that rivers and groundwater systems are protected against activities that may result in salinisation or soil degradation, and that the environmental effects of water use and associated development are properly considered. An inefficient or slow approvals system can hinder investment planning. Decisions about buying or selling water will often be influenced by the choices available to water users in relation to the permitted use of water and the ability to construct works. The aim of the approvals system should be to focus on those activities that pose significant environmental risks. The current provisions of the Water Management Act 2000, however, require a full environmental assessment for every use and works approval, irrespective of the environmental risk posed. While such an assessment is appropriate for new uses and works, it is unnecessary in relation to existing uses and works that are submitted for renewal.

In line with world's best practice, the Water Management Amendment Bill allows a risk-based approach to be adopted in relation to the renewal of uses and works. Mechanisms will be employed to identify those uses and works in specified areas which pose substantial environmental risks and which therefore require full environmental assessment. Uses and works that do not fall into this category will not require assessment. This will save time and costs, but it will not compromise the Government's ability to maintain adequate environmental controls over potentially harmful activities. The powers of the Minister to deal with environmentally damaging activities or breaches of approval conditions through direction notices, or suspending and cancelling approvals, will remain in place. Other measures to simplify the approvals system and reduce costs and delays will be implemented, including giving all approvals—works, use and other approvals identified in the Water Management Act 2000—a standard 10 years duration, except for approvals held by major and local water utilities which would be for 20 years, allowing the Minister to issue one approval to cover a range of different water use developments, and allowing approvals to be amended, rather than requiring completely new approvals to be issued.

Mining operations that take place near groundwater sources will normally require an aquifer interference approval. Under the Water Management Act 2000, however, the range of activities that can be authorised by an aquifer interference approval are too narrow. For example, they do not allow for incidental removal of water which frequently occurs during mining operations. Mining operators are therefore forced to obtain an access licence to remove such water. This is unnecessarily cumbersome, and amendments to the Water Management Act 2000 will be made to enable aquifer interference approvals to be issued to permit incidental removal of water. Regulations will be developed to specify in detail the circumstances in which aquifer interference approvals can be issued for this purpose, having regard to the impacts on other water users.

Currently, under the Water Management Act 2000, people who live next to a river or lake can take water without a licence. This is a stock and domestic right. There are no plans to change this basic right. However, there is a problem that growth in these rights through land subdivisions and inefficient or excessive use of stock and domestic rights can have potentially significant impacts on the rights of other licensed water users and the environment. This is a particular problem on the coastal strip where, through subdivision, a single right suddenly expands 20 or 30 times, without any real thought of the overall impact. The Government is determined to take a fair and practical approach to this issue. Under this bill, the Minister will be able to formulate guidelines on the reasonable use of stock and domestic rights. The preparation of such guidelines will involve extensive public consultation; indeed, it will require a partnership with farmers and their representatives to formulate the guidelines and successfully implement them. The guidelines will provide a standard for reasonable use of the resource which landholders will apply to themselves.

The Act sets out three classes of environmental water—environmental health water, supplementary environmental water and adaptive environmental water—and requires water-sharing plans to include rules for the identification, establishment and maintenance of each class of environmental water. Currently the Act limits the purposes for which each class may be used. Environmental health water is only permitted to be used for fundamental ecosystem health purposes while supplementary environmental water and adaptive environmental water are only permitted to be used for specified environmental purposes. The distinction between environmental water provided for fundamental environmental purposes and water provided for specified environmental purposes, however, is artificial and is causing unnecessary confusion. Such water is essentially rules based and is necessary to achieve the environmental objectives of each water-sharing plan.

It is also unclear whether the environmental health water rules must specify a particular flow that must be present at all times, or that the rule must be operative at all times. It would be environmentally damaging in many rivers to require that all plans specify some constant flows that must be maintained at all times. Natural river ecosystems depend on variability in flows. Therefore, the bill amends the Water Management Act 2000 so that there are two kinds of environmental water: environmental water that is provided according to rules in a plan, or planned environmental water; and environmental water that is provided by water licences, or adaptive environmental water. All water-sharing plans must have rules for planned environmental water and provisions for adaptive environmental water. The amendments will also clarify that a minimum quantity of water does not necessarily always have to be present in a water source.

The changes will not affect the rules in plans that have already been gazetted, and will not affect the amount of water these rules provide for the environment. The changes will, however, remove some of the confusion and artificial distinctions that the words in the current Act have caused and provide a little more flexibility with respect to the design of environmental rules in future plans. As indicated above in relation to adaptive environmental water, the catchment management authorities will be the primary vehicle for acquiring and managing this water through the development of environmental water trust funds.

The Act allows the Minister to suspend the rules applying to the making of an available water determination if the Minister is satisfied that there is a severe water shortage. This will only occur in extreme situations. While a severe water shortage is in force, the following rules apply to the making of available water determinations: first priority is given to major utilities and local water utilities in relation to domestic water supply and to basic landholder rights; second priority is given to the environment; third priority is given to major utilities and local water utilities in relation to commercial water supplies, and to high security licences; and fourth priority is given to major utilities and local water utilities otherwise than in relation to domestic and commercial water supplies, and to other categories of access licences.

To allocate fourth priority to stock and domestic licences is inconsistent with the fundamental design of the Act, in which access to water for stock and domestic purposes comes as first priority after water for the environment. Further, water for electricity production is a high value and important activity and should have a higher priority. The bill therefore amends the Act to give first priority to domestic water and essential town sources, whether under a basic right or a licensed entitlement, and to elevate the priority given to major utilities in relation to electricity generation needs and industries in towns. In this way secure access to water for essential human needs can be provided and the important benefits of electricity generation will be recognised and better safeguarded. To give effect to these priorities, it is necessary to allow available water determinations to be made to individual licensed entitlements in accordance with the specified priorities. These provisions will give the Minister the necessary powers to act in the public interest during times of severe water shortage.

Water-sharing plans covering the upper Namoi, Murrumbidgee, Murray, lower Darling and Hunter regulated river water sources include rules intended to permit regulated river, general security licences to take uncontrolled flows—that is, flows that come into the system below the regulating dam—without debit to the respective water allocation account when water allocations are low. The amount of water that can be taken under these rules is limited to a proportion of the access licence share component volume. These rules continue longstanding water management practices. Such rules are necessary to continue to provide entitlement holders with the ability to make up loss of water supply during times when allocations are reduced because of low water levels in dams. Currently the Act does not explicitly provide for this; the bill corrects this.

With the separation of access licences from land, powers to recover unpaid charges and water taken in excess of that authorised under a licence were lost. Although powers to suspend a licence or prosecute the holder remain, these will often be ineffective for dealing with these matters. It will be possible for water users to exceed their water allocations and incur penalties instead of purchasing the additional water on the market. The

bill includes mechanisms to correct this. For example, any charge or fee in respect of an access licence will be payable by the water user from time to time. The Minister will be able to suspend or cancel nominated works for non-payment of fees and charges of the related access entitlement.

Schedule 6 to the bill incorporates savings and transitional regulations to provide for the conversion of existing licences under the Water Act 1912 to the new licences under the Water Management Act 2000. This bill will herald a new level of performance in the way we manage scarce water resources for the good of the community, farmers and the environment. We need to leave behind the conflict between competing users and the environment and recognise that the rights of all users need to be provided for. Water is a zero sum game. Overallocation can wreck the viability of industries and lead to painful restructuring as well as damage to the health of our rivers and wetlands. The way ahead is to achieve the right balance between healthy rivers and competitive industries working efficiently within the sustainable limits of the resource. I commend the bill to the House.

Debate adjourned on motion by Mr Steven Pringle.

APPROPRIATION (BUDGET VARIATIONS) BILL

Second Reading

Debate resumed from 17 March.

Ms GLADYS BEREJIKLIAN (Willoughby) [11.01 a.m.]: Debate on the Appropriation (Budget Variations) Bill has become an annual event. Every year the Government introduces a budget variations bill to account for all the money that it has wasted during the year and to mop up budget blow-out after budget blow-out. This bill is full of yet more examples of the Carr Government's tax-and-waste approach. On the tax front, the Carr Government's mini-budget has created an additional 300,000 to 400,000 land tax payers and for the first time anywhere in Australia investment property owners face a 2.25 per cent exit tax. Every taxpayer has the right to ask: Where has the money gone? Over nine years State taxes per head have increased by 55 per cent. Every taxpayer in New South Wales now pays more than \$2,000 per head in State taxation, which goes straight into Michael Egan's pocket—and that is before taking account of the latest round of tax increases that I have outlined.

What do we have to show for it? The hospital system is in crisis. Long-term waiting lists have tripled from 2,265 people waiting more than 12 months for surgery in 1995 to 7,384 today. Some 4,763 hospital beds have been closed, there has been a drift away from public education, and 3 out of every 10 callers to the Department of Community Services helpline give up waiting before their call is answered. The Government has wasted billions of dollars. In the past year alone the Opposition has identified more than \$3.3 billion in waste. This includes the Liverpool to Parramatta bus transitway blow-out of \$117 million, the Millennium trains blow-out of \$114 million, displaced public servants costing \$17.4 million, transport consultants and legal fees totalling \$23.5 million, the Intercontinental Hotel land sale bungle that cost \$5.2 million, the 2002-03 consultants bill of \$99 million, the bill for Rehome Media Monitoring of \$3.2 million, the Sydney Water billing system disaster costing \$51 million, and political advertising on the Commonwealth Grants Commission of \$875,000.

The Premier and Michael Egan have had rivers of revenue flowing into Treasury coffers in the past nine years. In that time they have collected \$7.1 billion more than they expected in taxation. The Government would have us and our constituents believe it has been dudded by the Commonwealth. But the facts show the opposite. In the past nine years the Carr Government has consistently received more in Commonwealth grants than it expected, to the tune of \$1.3 billion. This fact was reiterated in the Federal budget last night and by the projected goods and services tax revenue for future years. Where has that money gone? It has disappeared as quickly as it arrived. The Premier has overspent his budget every year apart from his first in office. This waste, excess and mismanagement now totals \$8.5 billion.

This bill seeks to do several things. It proposes to account to Parliament for the \$290.5 million that was spent on the Treasurer's Advance in 2003-04. It seeks an appropriation of \$177.4 million to cover expenditure approved under section 22 of the Public Finance and Audit Act during 2003-04. The bill seeks an additional appropriation of \$135.3 million for recurrent services and capital works and services for 2003-04. It seeks an additional appropriation of \$186.3 million for the 2002-03 Treasurer's Advance. The bill seeks an additional appropriation of \$779.8 million to cover expenditure approved under section 22 of the Public Finance and Audit

Act during 2002-03. We must face it: the Treasurer's Advance is a slush fund. Even the Premier admits that. In September 1994 in this House he described the Treasurer's Advance as "pork-barrelling". And he is not wrong. In 1995 Labor promised to cut the Treasurer's Advance to \$50 million. According to the budget papers, it now sits at \$300 million. That is not only a failed promise but a sixfold increase on the promised cut.

As Parliament is expected to approve these massive sums of money we should look into how it will be spent. The public should not have to expect these levels of waste. People have a right to ask why this Appropriation (Budget Variations) Bill is necessary. Some \$17 million was paid to Austeel—mostly in legal fees and compensation payments—and wasted on a project that was never going to go ahead. Then there is the \$1 million paid for four elephants at Taronga Zoo—at least the Government wasted less money on them than on that other white elephant, the Millennium train project. There was also plenty of ministerial extravagance, including a post-election office upgrade costing \$850,000 and \$1 million for accommodation and staffing for ministerial offices in the Hunter, the Illawarra and on the Central Coast.

Some \$12.5 million was wasted on compensation payments, mostly to local councils, as a result of the Infringement Processing Bureau's failure to issue its fines on time. What a waste! There is \$38 million to fund the additional police officers that the Carr Government does not want—but we should not be concerned as the Minister for Police has a plan to reduce police numbers. Finally, the bill includes \$300,000 for inquisitions into registered clubs—that is an absolute disgrace—as part of the State Government's campaign against the club industry. The clubs dared to stand up to the Government about the increases in the club's tax.

I could talk for hours about additional items of waste and mismanagement. Year after year—nine in a row, in fact—the Government has vowed to stick to its budget. The Government should be ashamed of this bill, just as it should be ashamed of the level of tax and waste that New South Wales taxpayers are forced to pay. As I mentioned, during the past nine years the Government has overspent the budget by \$8.5 billion. Taxpayers of New South Wales have every right to ask, "Where has this money gone?" and "Why is the budget variations bill necessary?" In 1999-2000, \$1.36 billion was overspent; in 2000-01, \$1.14 billion was overspent; in 2001-02, \$1.56 billion was overspent; in 2002-03, \$2 billion was overspent; and in 2003-04, about \$1.1 billion was overspent. Those accumulations, in addition to the money overspent from 1996 to 1999, total \$8.5 billion. A resident of Allambie Heights wrote a letter to the editor on 31 March 2004 that is quite telling. It states:

Short of a bob, Mr Carr? A kid could do it better.

As a kid, if I spent all my pocket money on the wrong things my parents told me that was my tough luck and I couldn't have any more that week. I learned a good lesson from that by the age of eight.

Well, Mr Carr, your government's older than I was and guess what? You've spent all your stamp duty pocket money on the wrong things, so tough luck, and no, you can't have any more.

It is an absolute disgrace that this budget variations bill has seen the light of day. It is also an absolute disgrace that after nine budgets and after \$8.5 billion of overspending, services in New South Wales are diminishing, not getting better.

Mr MATT BROWN (Kiama) [11.10 a.m.]: I support the Appropriation (Budget Variations) Bill, which is all about flexibility. In a \$36 billion budget that supports public services of the scale we have in New South Wales, one can never predict all the costs that will arise during the course of the year. The Appropriation (Budget Variations) Bill allows us to take account of all the unexpected costs that arise during the year.

Mrs Judy Hopwood: Mismanagement and waste.

Mr Joseph Tripodi: Teachers deserved a pay rise.

Mrs Judy Hopwood: You fought against it.

Mr MATT BROWN: The objection by the honourable member for Hornsby to a pay rise for teachers is quite insulting to this side of the House. Of course, with that flexibility comes a responsibility to be transparent and to explain how money has been spent. This bill provides that account. Managing the State's finances has been made more difficult by a decision of the Federal Government to take away \$376 million in funding for each of the next five years. The Federal Government seems to think we need less funding—not more—for hospitals, public transport and schools.

Mrs Judy Hopwood: An increase in State taxes and a decrease in Federal taxes!

Mr MATT BROWN: Again, the honourable member for Hornsby seems to have something against our hardworking teachers in this State, and does not want to get extra money for their pay rise, to replace demountables and to upgrade computers and our schools.

Mr ACTING-SPEAKER (Mr Paul Lynch): Order! The honourable member for Hornsby will come to order. The honourable member for Swansea will come to order.

Mr MATT BROWN: Mr Howard thinks that it is entirely appropriate for New South Wales to subsidise other States to the tune of \$2.9 billion. From 1995 to the end of the new five-year arrangement in 2010, the Federal Government will have taken \$36 billion of taxes raised in New South Wales and given it to the other States. That \$36 billion could have been spent to provide health care, education and public transport services in New South Wales. If the Opposition had any consideration or care for the communities of this State it would support this budget variations bill. That \$36 billion would have allowed us to provide free travel on trains, buses and ferries for 30 years, or allowed us to abolish all stamp duty on property for a decade, or allowed us to rebuild every school and TAFE twice over, or to give \$6,000 to every man, woman and child in New South Wales. The Opposition did not say a single word in defence of the people it represents. The Opposition is elected and paid to represent the community of New South Wales, but it is a pathetic apologist for Canberra. It falls into line with whatever Mr Howard wants to do to shore up his vote in Queensland. On the other hand, the Government is working to provide better public services, despite receiving an ever-shrinking share of Commonwealth grants.

Mrs Judy Hopwood: My constituents do not see it that way.

Mr MATT BROWN: The honourable member for Hornsby said that her constituents do not want \$6,000 in their pockets, that they do not want their schools upgraded.

Mrs Judy Hopwood: You have a terrible hearing problem. I am talking about rail.

Mr MATT BROWN: The honourable member for Hornsby ought to concentrate on what her constituents want—that is, money that should be coming to New South Wales but is going over the border. The Appropriation (Budget Variations) Bill seeks appropriations of \$290.523 million in adjustment of the Advance to the Treasurer for 2003-04; \$177.399 million for recurrent and capital works services approved by the Governor under section 22 of the Public Finance and Audit Act 1983 for 2003-04; and additional appropriations of \$135.3 million. The bill facilitates funding for a number of programs that are delivering important services for the people of New South Wales. They include an additional \$60 million for disability services provided by the Department of Ageing, Disability and Home Care in 2003-04—

Mrs Judy Hopwood: And don't they need it?

Mr MATT BROWN: Again, the honourable member for Hornsby interjects, "Don't they need them?" Of course they need them. If she votes against this bill she will be exposed as a hypocrite. The bill provides an additional \$25 million to cover increased costs of services to high-needs children in out-of-home care in the current financial year. The bill provides funding for communities affected by natural disaster and drought. Over the past year, New South Wales has been hit by a number of natural disasters and, indeed, one of the worst droughts on record.

Mr ACTING-SPEAKER (Mr Paul Lynch): Order! The honourable member for Hornsby will come to order.

Mr MATT BROWN: We must fight fires, protect homes and lives from floods, and help farming families survive the drought—that is the compassionate side of this side of the House. But it is just as important that we work with the community to help businesses rebuild, to have homes restored, and to help farmers strengthen their business so they can survive a drought. Nearly \$68 million is appropriated in this bill for natural disasters. That includes \$45 million for drought assistance, as well as additional aid required because of floods, storms and bushfires. That is in addition to \$15 million allocated for natural disasters in the 2003-04 budget. This bill is all about providing additional services to the people of New South Wales, and ensuring appropriate scrutiny by Parliament. I commend the bill to the House.

Mr STEVEN PRINGLE (Hawkesbury) [11.18 a.m.]: I refer specifically to the section of the Appropriation (Budget Variations) Bill under the responsibility of the Minister for Transport Services, and

Minister for the Hunter as outlined on pages 30 and 31 of the bill. Yet again, we see more examples of this Government's tax-and-waste approach in the variations bill, as already outlined by the honourable member for Willoughby. There is a \$52 million blow-out in the operating subsidy for RailCorp; \$550,000 for the Parry report, which has caused so much pain and concern to country New South Wales—not money well spent; \$2.7 million to appraise the Federal Government's Australian Rail Track Corporation leasing of New South Wales rail freight corridors and integrating New South Wales into the rail freight system for the rest of Australia—an excessive amount for an appraisal; and \$691,000 for the Unsworth report, to which honourable members have already referred. Let us hope we get value for money out of that report and that local services improve.

After nine years in office how many more inquiries does the Government need? It does not need another inquiry to get the radio system right so that there is a single radio system for all of our railway services. It does not need another inquiry to get more parking around railway stations. The bill clearly shows that the Carr Government has consistently and blatantly neglected public transport throughout New South Wales—in the country, in regional centres, in the city and in Western Sydney in particular, as honourable members opposite would be well aware. The Carr Government has broken its promises time and again, cancelling or delaying the much-needed extensions of the rail system and undermining its own goals, such as making Parramatta Sydney's second city and reducing Sydney's reliance on cars.

The neglect by the current Government of our public transport assets became abundantly clear in the middle of February, when the rail system in and out of the central business district practically collapsed during peak hours. With almost every train delayed or cancelled, and trips within the metropolitan system taking up to several hours, it is obvious that the Government does not have its priorities straight or correct. It seems to be much happier having emergency mini-budgets and airing \$800,000 advertisements, rather than fixing the State's real problems. It is not just this period of crisis that indicates the Government's failures and lack of concern for public transport. CityRail has even come under fire from members of the Labor Party. Carl Bazely, President of the Australian Labor Party Hawkesbury Electoral Council and local branch, stated that CityRail's claims of 90 per cent or better on-time services were "useless" and that anecdotal evidence for the Blacktown-Richmond line indicates that during peak hour on-time running is at best 20 per cent, and only a little better off peak. That was not said by someone from the Coalition side; it was said by someone from the Labor side.

In its Action for Transport 2010 plan for Sydney's transport system the Carr Government promised an ambitious plan to reverse the perennial trend of Australians deserting public transport for their cars. In order to achieve this lofty goal a commitment was made to the construction of eight new rail lines, seven bus-only freeways and some motorways. Amongst those ambitious construction plans were the two infamous rail links to service the transport-starved north-west of Sydney. The first of those—to be completed in 2006—was the stretch from Parramatta to Chatswood via Epping, connecting some of the fastest-growing employment regions in the State, and an important component in the Government's attempt to make Parramatta Sydney's second central business district. Improved rail access to Parramatta would help facilitate the growth of employment within the region, whilst alleviating the environmental degradation that an increase in commuters would create. Indeed the report states that it was expected that 18 million passengers would patronise the line each year by 2010. The report placed particular emphasis on the fact that much of the employment growth in Sydney over the past several years has occurred in the outer suburbs, particularly in the north-west areas, such as North Ryde, Parramatta and Chatswood.

Unfortunately, as we now all know, one of the first actions of the Minister for Transport Services was to undermine this highly important piece of transport infrastructure by indefinitely postponing the construction of the Epping to Parramatta portion of the link, threatening \$20 billion in commercial and residential investment in the region, particularly in Parramatta and The Hills. This is after the link was promised in three elections, and even in the month before the cancellation of the project by Mr Costa himself. This almost certainly undermines the Government's own goal of establishing Parramatta as the second city of Sydney and also deprives the residents of north-west Sydney of important employment and educational opportunities. What has happened to Mr Carr's pledge that those projects were "fully costed and approved by the New South Wales Treasury"? Obviously that was not so.

The second link, the north-west rail link, as its name suggests, was to provide the public transport-starved The Hills residents with access to Sydney's rail system. This link was to stretch from Epping through to Castle Hill, and then on to Rouse Hill, with a possible further connection to the Richmond line. The report highlights the sad fact that the north-west region is one of the few parts of Sydney that does not have a proper heavy rail link. This has been compounded by the fact that over several decades that area has also been one of

the highest growth regions in Sydney, resulting in the region being overly dependent on cars for transport, and one with ridiculous levels of road congestion, especially on Old Windsor Road, which is known as one of the worst roads in Australia.

The Carr Government promised that the line would be completed by 2010, creating 400 jobs during construction, and carrying 12 million passengers per year. With the Parramatta to Epping link in doubt, this completion date looks less and less plausible, as its need is becoming even more salient as the development of the Rouse Hill-Mungerie Park area goes ahead. However, the Government has continued to push Baulkham Hills Shire Council to allow for the continued development of this region, planned to house up to 250,000 people, without a firm commitment to the north-west rail link. These delays and cancellations of vital transport infrastructure projects also deny any substantial relief for the already overburdened lines from Parramatta to Sydney—a matter affecting all honourable members sitting on the Government side. As Carl Scully warned in 1998:

Without this major expansion of rail infrastructure ... by the middle of the next decade there will be serious congestion on the western line.

He reiterated this point in 2000 by stating:

... the main western line is currently running at close to capacity. Without this project it will reach saturation point in 2006.

That is just around the corner. Though that point in time is nearly upon us, we are now getting delays and cancellations of new rail projects. Does this mean that the Government was wrong in its previous analysis of rail line use or rail capacity?

Mr Joseph Tripodi: Have you seen the mini-budget allocation of \$2.5 billion for rail?

Mr STEVEN PRINGLE: It does not contain any measures to address those things. Or has the Government changed its mind? Is it now willing to have those extra commuters drive their cars instead? Does this congestion of the western line, among many other things, have something to do with the cutting of weekend train services in New South Wales, including reducing the number of trains running on the western and southern lines and the eastern suburbs services from six to four, and cutting four of the eight services that service the north shore line? Indeed, since the election of this Government, many public transport projects have been scrapped by it. Remember the Bondi Beach rail link? That has been cancelled. The Wollongong rail link also has been cancelled, as has the fast rail link between the Sydney central business district and the Central Coast. All of this amounts to a huge step backwards in the development of Sydney's infrastructure, reducing our competitiveness as a State against Victoria and Queensland.

Another major element in the Action for Transport Plan that the Government has failed to achieve was a reduction in car emissions. In order to halt the growing amount of air pollution threatening the quality of life of all Sydney residents, the plan called for a reduction in the reliance of Sydney's residents on their cars for transport, as well as making those cars more efficient. Neither of those outcomes has been met. Compulsory testing of all vehicles four years or older has become merely a system of voluntary testing of older vehicles likely to pollute, and most of the Government's public transport promises have either been shelved or are behind schedule.

A report issued by the Greater Western Sydney Economic Development Board in 2001 stated that the cancellation of the Parramatta to Epping link could force another 330,000 commuters onto the roads by 2020. The Carr Government's backflip on transport is so blatant that, instead of getting a north-west rail link, we may be getting a four-lane Windsor Road highway, as part of the solution. However, not even this will be enough to service the burgeoning population of the north-west, as the development of the Rouse Hill area continues to speed up. With a city the size of Canberra about to appear on Sydney's fringes, one would think the Government would already have an adequate public transport system in place. That is not the case. There is next to no public transport servicing the area, and commuters are still forced to rely on their cars. This has resulted in massive congestion throughout the area, with Windsor Road currently experiencing 35,000 car journeys a day.

Windsor Road consists of only one lane for much of its appreciable length. Many people who work in the city are forced to leave home at 5.00 a.m. to beat the peak-hour traffic. If they do not they are caught for several hours in the habitual gridlock. The failure of the Government to convince Sydney's residents to leave their cars at home and use public transport is highlighted by the fact that from 1991 to 2001 the use of trains increased by 11 per cent and the use of buses increased by 5 per cent, but the use of cars increased by a massive

18 per cent. Cars are used for 70 per cent of passenger trips, probably due to poor public transport services and high fares. Sydney residents are voting with their feet, and the verdict is not good for those opposite.

By 2011 our population will reach 4.3 million and we will have 2 million cars on our roads. Half the population of Sydney lives in Sydney's west, a region chronically underserved by public transport. The Government's irrational decision to delay or cancel the Parramatta to Epping rail link and the north-west rail link is a disaster in the making. It has neglected transport infrastructure in some of the highest growth employment and residential regions in the State. So far the Government's answer has been to provide fewer trains, use more buses and to give some attention to motorways, but not much more. Whatever happened to the Government's bold plan of reversing the trend of reliance on the car and convincing more commuters to use environmentally friendly forms of public transport?

The Government has failed across the State. The South Coast rail line has been cut and services on the southern line are under threat. Recently we saw the contempt of Minister Costa for the residents and commuters of Bowral. The Murwillumbah rail line, for which the honourable member for Tweed has shown little support, is under threat. What has the honourable member for Monaro done for the Canberra rail line and bus services? It is another example of the Government's failures across the State. Under this Government, transport in Western Sydney, central Sydney and country New South Wales is absolutely pathetic. It is time the Government did an efficient and effective job: it should collect less tax and stop the waste.

Mr STEVE WHAN (Monaro) [11.32 a.m.]: I support the Appropriation (Budget Variations) Bill. Anyone who has observed governments over the years would know that it is routine for governments to introduce budget variations; they are not unusual. I was interested to hear the contributions from members opposite, particularly that of the honourable member for Willoughby, who some of us call the shadow shadow Treasurer. She referred to a number of areas of waste and a number of areas in which the Government has increased funding. She referred also to the amount by which taxes had increased during the term of this Government. Tax collections must increase during the term of any government because of the need to increase expenditure in various areas. That is why we are debating the bill.

Apparently, the honourable member for Willoughby thinks the Government has been wasteful by increasing funding for health by 77 per cent since 1995. The Health budget is now \$9.4 billion. Apparently, she thinks we have been wasteful by injecting more money into area health services. The Southern Area Health Service has received a 60 per cent to 70 per cent funding increase during the term of the Government, which has enabled the Bega Hospital to employ a second orthopaedic surgeon, something the former Coalition Government was never able to achieve. Obviously, the honourable member for Willoughby and her colleagues think we have been wasteful by increasing funding for education by 68 per cent since 1995 to pay teachers wage increases and ensure that we have the highest-paid teachers in Australia and that junior class sizes have been reduced.

As the representative of the Monaro electorate, in the past few weeks I have noticed that teachers in the Australian Capital Territory have been on strike because they are paid \$7,000 less than New South Wales teachers. The Government should be, and is, proud of the fact that we have managed to spend more money to pay our teachers what they deserve. Since 1995 we have increased expenditure on police and crime prevention by 79 per cent. Expenditure on community services has increased by 131 per cent since 1995. But, according to members opposite, that increased funding is waste. According to them, it is far more important to cut taxes. Most of us on this side recognise that we are here to deliver services for the people of New South Wales. The debate is not only about having the lowest taxes. Any State can have the lowest taxes in Australia if it does not deliver services. Obviously, that is the philosophy that drives the Opposition.

Today we heard comments about Federal funding for New South Wales and last night we heard erroneous comments about the budget delivered by Treasurer Costello. According to those opposite the Federal budget shows increased funding for New South Wales, but Budget Paper No. 3 shows in black and white that this year we will get less money from GST revenue, which means the State will be less able to deliver services, such as health. It is appalling. Last night the person who is supposed to be the shadow Treasurer, the Leader of the Opposition, said in this House that the Federal budget papers showed that New South Wales would gain. But the table from which he was quoting showed the balancing out of actual GST revenue versus a guaranteed minimum amount, which is calculated taking into account the cuts the Grants Commission made to our formula. It was ridiculous for him to quote the figures when, clearly, he does not understand how the budget papers are presented.

We have heard amazing comments about waste in New South Wales. The Opposition's list includes \$305 million of waste in Treasury-managed fund negative investment returns. I have an MLC superannuation

fund from a previous employment position that has lost money for the past couple of years. Is that waste? Should I phone MLC and say, "That is waste. What have you done with my money? You have lost it on the stock market." The stock market has not done well for the past couple of years. Next year, when Treasury-managed funds and others make a profit, I expect the Opposition to come in here and say, "Congratulations, New South Wales Government, on turning a profit. Obviously, you are great managers." I doubt that will happen. I was interested in the Opposition's comments on what they call blow-outs in cost. Some time ago I heard John Howard talking about the joint strike fighter, which will cost the Australian taxpayers approximately what the Federal Government provides to New South Wales in one year.

Mr Andrew Constance: Point of order: My point of order goes to relevance. What the hell does a defence fighter have to do with the budget variations bill in New South Wales? It is completely irrelevant.

Mr ACTING-SPEAKER (Mr Paul Lynch): Order! There is point of order. The honourable member for Monaro has the call.

Mr STEVE WHAN: The honourable member for Bega raised an interesting point. The Federal Government will spend something like \$17 billion on the joint strike fighter. Coincidentally, that is approximately what the Federal Government gives New South Wales to provide services. About 7 per cent of the revenue collected by the Federal Government will be given to the New South Wales Government to deliver all the services to the people of New South Wales. Yet day after day we hear members opposite say how proud they are that the Howard Government keeps screwing New South Wales down and makes our job of delivering services harder and harder. It is interesting to note that this year defence spending, which has had a healthy increase Federally, is not far behind New South Wales funding allocation to deliver services, that is, about \$17 billion.

Mr ACTING-SPEAKER (Mr Paul Lynch): Order! The honourable member for Bega will come to order.

Mr STEVE WHAN: It is incredible to hear members opposite lecture us on what they call waste, but, in fact, the Government is increasing services and providing better services for the people of New South Wales by increasing funds, paying our nurses more, and doing the sorts of things that recently resulted in Queanbeyan Hospital gaining accreditation as a baby friendly hospital because its staff do their jobs so well. At another time in this place I will respond to some of the lies that Opposition members have been telling about health services and transport services in the southern part of this State. I commend the bill to the House.

Mrs SHELLEY HANCOCK (South Coast) [11.39 a.m.]: Essentially, the Appropriations (Budget Variations) Bill provides an opportunity for the Government to seek additional expenditure for items which may not have been previously included in budget documents and for items which are not necessarily urgent. Clearly, some of the projects included for expenditure in the bill are not urgent. An overview of the entire document highlights the fact that the Government is using the provisions of the Treasurer's Advance to effect its own slush fund, described interestingly by the Premier in September 1994 as pork-barrelling. Indeed, he must have foreseen at that time the potential of the Treasurer's Advance for his own use, to pursue his own pet projects in the future. This bill, with respect to the arts in particular, is an example of how the Premier has used these provisions quite irresponsibly.

While the principle of a Treasurer's Advance in itself is not opposed, this bill must be judged for what it is: a way to account for the money the Government has either wasted or spent without proper consideration of what constitutes urgent expenditure. I am also concerned about a promise made in 1995 by Labor to cut the Treasurer's Advance to \$50 million, as has been mentioned by previous speakers. That promise, along with a myriad of others, has clearly been broken. According to the budget papers, the Treasurer's Advance now stands at \$300 million and is a further example of the Carr Labor Government's irresponsible economic management.

My focus today is upon the expenditure on the arts in this bill—specifically, \$2.5 million for the Sydney Theatre Company to establish an actors' ensemble, \$2 million for maintenance of the Sydney Theatre at Walsh Bay, and an additional \$3 million in essential maintenance and redevelopment at Walsh Bay. These amounts are on top of the \$5.5 million already announced for the Belvoir Street Theatre. Those amounts of money are clearly not insignificant, and while maintenance of assets such as our theatres, libraries, museums and arts galleries must be considered essential, one wonders why there has not been a strategic approach to the upgrading and maintenance of these assets, rather than this seemingly ad hoc approach. The Treasurer's Advance should not be used for asset maintenance but for unforeseen expenditure, such as that associated with natural disasters, or for the costs of unanticipated policy responses that may be required in the budget year.

Asset maintenance does not fit any of these categories, unless, of course, the Government has neglected ongoing maintenance of these facilities to date and now seeks urgent funding due to previous neglect of structures or facilities. I suspect that is the case, as it has been with the assets and infrastructure of our schools over the past nine years. Neglect of ongoing asset maintenance will inevitably result in disastrous situations, such as at Ulladulla High School, where neglect and mismanagement has led to severe flooding, drainage problems and critical health problems with sewage bubbling up daily through grates in toilets and change rooms used by students. That is the result of neglect and poor management of assets.

Premier Carr favours the arts, and I strongly support ongoing funding for our theatres, museums, libraries, and art galleries. As an English, history and drama teacher over a long period, I always encouraged and nurtured my students to appreciate the arts and, in particular, to experience the joys of live theatre, the wonder of museums and art galleries. Over many years I organised excursions to Sydney for students in my classes. I recognise that students in the country are significantly disadvantaged due to the distances from Sydney. In the past I have worked hard to ensure that my students were able to experience live theatre as an essential component of their studies in senior English and drama. However, the scale of the proposed \$3 million expenditure just for maintenance of the Sydney Theatre at Walsh Bay sounds to me like a luxury in the context of the mini-budget, which has slashed services and has increased taxes in an attempt to counter an impending deficit.

Combine that with the announcement by the Premier of a \$5.5 million expenditure on the Belvoir Street Theatre and \$2.5 million to set up an actors' ensemble at the Sydney Theatre Company and it all sounds like waste and excess. It is waste and excess! Regional arts centres throughout New South Wales struggle to survive and are funded only by local councils and voluntary labour. It is waste and excess by this Sydney-centric Government, when in regional areas such as Shoalhaven, the local theatre groups perform in converted sheds; they also rely on local government and volunteer labour to survive. Wonderful heritage buildings in my electorate, such as the Milton Theatre, have recently been upgraded and restored, and now allow for full disability access, but the restorations were funded by local government and local management committees. What is the Premier, who loves the arts so much, doing for rural and regional areas and for the rest of the citizens of New South Wales who also love the arts but are denied access to performances either due to distance or the dearth of facilities in their areas?

The Premier is lavishing money on projects such as those at the Belvoir Street Theatre and Walsh Bay, while at the same time ignoring the arts in regional New South Wales. He is spending up big in Sydney on the arts while at the same time slashing essential services such as those that will result from the new draft timetable for the South Coast rail line. He is spending up big in Sydney while continuing to slash services everywhere else. In the context of crises throughout New South Wales in health, education and roads, Premier Bob Carr is spending up big in Sydney on the arts while cutting train services from the country to the city. Access to the arts by the people of regional and rural Australia will be denied unless, of course, they wish to drive for four hours to get to Sydney from my electorate and risk their lives by travelling along the Princes Highway. I will speak at a later time about the crisis about to hit the people of the South Coast regarding impending cuts to rail services. Suffice it to say that if people want to catch a train to Sydney to see a play at the newly renovated Belvoir Street Theatre, they will not be able to return after 5.30 p.m., so why would they bother going at all?

The Carr Labor Government continues to reveal its appalling economic mismanagement of this State. It has received an overwhelming revenue stream, but will go down in history as the highest-taxing State Government ever. People in my electorate of the South Coast are asking in increasing numbers, "What are they doing with the money? Why are our waiting lists continuing to grow? Why are our roads neglected? Why are our schools denied the most basic facilities, when this Government continues to rake in taxes hand over fist?" The answer is waste, waste and more waste. Expenditure on items such as the \$10 million I have highlighted today should be questioned. Some restraint should be shown, but the Premier and his Treasurer continue to tax and continue to fund what I consider to be luxury items. At the same time they ignore the serious problems they face.

Funding of \$3 million for maintenance for one arts asset is a disgrace. Either the theatre has been neglected or the Government is fiscally irresponsible. Either way, the Government reveals its blatant incompetence. The \$3 million would have been useful in reinstating rail services to the South Coast, providing much-needed school maintenance, fixing up the sewerage problems at the Ulladulla High School, cutting waiting lists at the Shoalhaven hospital, providing more police for the local area commander, providing desperately needed respite beds, providing community health workers or upgrading a section here or there on the Princes Highway. The Government should be ashamed of this bill, in the same way as it should be ashamed of the taxes that New South Wales taxpayers are forced to pay and the waste they are forced to pay for.

Mrs JUDY HOPWOOD (Hornsby) [11.48 a.m.]: The object of the Appropriation (Budget Variations) Bill is to appropriate additional amounts from the Consolidated Fund for recurrent services and capital works and services for the years 2003-04 and 2002-03 for the purpose of giving effect to certain budget variations required by the exigencies of government. The bill includes a requirement that an account be given to Parliament on how the Treasurer's Advance has been spent for both recurrent and capital expenditure. The bill seeks an appropriation of \$290.5 million in adjustment of the Treasurer's Advance for 2003-04, an appropriation of \$177.4 million for expenditure approved under section 22 of the Public Finance and Audit Act during 2003-04, and an additional appropriation of \$135.3 million for additional recurrent services, capital works and services. The bill also seeks additional appropriation of \$186.3 million for the 2002-03 Treasurer's Advance and \$779.8 million for expenditure approved during 2002-03 under section 22 of the Public Finance and Audit Act.

That puts the icing on the waste and mismanagement of the Government and further highlights the low standard of budget transparency in New South Wales. Several projects in my electorate, which have been included in promises by Ministers and in budget allocations since 2002, now have big question marks over them. The first is Hornsby hospital, in relation to which the Treasurer promised, in his 2002 Budget Speech, \$16.4 million for redevelopment of its accident and emergency department, maternity unit and paediatric unit. As yet I have not seen a final plan and not one sod has been turned on the site. Other than an allocation of \$6.4 million last year not much has been done to provide the sorely needed upgrade of the accident and emergency department. The current building is like a rabbit warren; I do not know how the staff work in it. The maternity unit, which was established as a temporary building many years ago, and the paediatric unit certainly need upgrading.

The second project is sewerage connections at Brooklyn and Dangar Island. Where is the funding for that? I question the Minister's intention to honour the promise he gave to the residents of Brooklyn and Dangar Island in a booklet at the end of last year. The health of the Hawkesbury River is sadly in need of improvement. The sewerage connections for Brooklyn and Dangar Island are essential to that improvement and to ensuring the future of aquaculture in the area. People are hopeful that those connections will commence next year, but I have not seen much visual evidence of the progression of the project.

The third project is the extra platforms that are planned for Hornsby and Berowra railway stations. I call on the Government to consider providing those multistorey car parks, particularly the one at Hornsby. Funding for those multistorey car parks was not included in the budget, although the former Minister for Transport promised a feasibility study into the need for them. That promise came to nothing: it was another Government promise on which the people have been let down. The fourth project is the master plan that is needed for the Berowra Public School, where the school hall is in poor condition. The hall, classrooms and other parts of the school are in need of upgrading. The Government promised that a master plan would include a development application approved by Hornsby council. But nothing has happened. Shortly, I will meet with representatives of the school to discuss what should be done in future. The parents are severely disillusioned by the Government.

I congratulate the Federal Government on delivering a fantastic budget last night. It is family friendly and encourages families and individuals. It provides for the community, ensures confidence in our future, cements fiscally sensible policies and shows that the Federal economy is healthy. State taxes are up, Federal taxes are down. In this State there is lax fiscal management with a lack of accountability. People continue to ask where all the money has gone. I call on the State Government to explain to the people where the money has gone.

Mr ANDREW CONSTANCE (Bega) [11.53 a.m.]: Perception is everything to the Labor Government—but at what expense? The Appropriation (Budget Variations) Bill is not designed to further stimulate or enhance economic growth in this State: it is simply a snapshot of Labor's economic and fiscal incompetence. The bill highlights Government waste, such as the \$17 million Austeel debacle. It highlights also the pork-barrelling in seats such as Monaro. The bill should have clearly outlined the \$7 million that should have been advanced to pay the small businesses throughout south-east New South Wales that were subjected to the core mismanagement of the Southern Area Health Service. It is amazing that a member of this House, the honourable member for Monaro, can happily tell us how wonderful the Southern Area Health Service is, yet nowhere in the bill is there an advance to that service to pay its debts.

What has been the outcome of the failure to provide that advance? Last night a 69-year-old great-grandmother went public to tell her story. She told the people that she had to go home and wash her own bandages because the Government cannot provide clean bandages in a hospital. The people have every right to

ask where the State's money has gone. The Coalition knows that over the past nine years Labor has overspent its budget by a total of \$8.5 billion. The Premier and the Treasurer gave a commitment that the Treasurer's Advance, through this bill, would be limited to \$50 million. That is another broken promise, because the Treasurer's Advance now stands at \$300 million.

What do the people of New South Wales have from this Government? Zip! What do the people of the Bega electorate have from this Government? After nine years of the Carr Government, kids are walking through raw sewage in school playgrounds, elderly people are washing their own bandages, there has been a 220 per cent increase in stamp duty, there have been land tax and stamp duty increases targeting 6,200 tenants, who are now facing increased rents, there has been a 74 per cent increase in assaults, the waiting list at the Bega hospital has increased from 36 in 1995 to 228 today, the waiting list at the Batemans Bay hospital has increased from 16 in 1995 to 311 today, and month after month there are road deaths on the Princes Highway. Where in the bill is an advance to fix the black spots, to properly assess the highway and provide for its upgrade? Absolutely nowhere!

The Premier is failing to provide basic services and to lower taxes. He is failing to lower crime rates and to provide better access to hospitals. The Premier is full of short-term solutions; he will do whatever it takes to cover up the failings of the Government. The waiting lists in our hospitals are a sad example of that. Spin, spin, spin is all we get from the Premier, who continues to cover up the poorly managed State budget. Why is Labor crying poor when the receipts from the Government have been so plentiful? That was summed up beautifully last night in the Federal budget when those receipts were revealed. The figures in the Federal budget show that New South Wales will be GST- positive next year, requiring no top-up funding from the Commonwealth. That will put the State \$113.7 million ahead of its guaranteed minimum funding in 2004-05, \$89.2 million ahead in 2005-6, \$319.9 million ahead in 2006-07, and \$620.7 million ahead in 2007-08.

Why is the Labor Government in New South Wales increasing tax? The answer is simple: it is a wasteful, overspending and poorly managed government. Labor's waste is excessive and includes \$3.3 billion on projects that either have not worked or are massively over budget. Those projects include the \$117 million blow-out in the Liverpool to Parramatta bus transitway and the \$114 million blow-out in the Millennium trains. Displaced public servants cost the taxpayers \$17.4 million—suddenly there is silence from those opposite—and transport consultants and legal fees cost \$23.5 million. The Inter-Continental Hotel land sale bungle cost \$5.2 million and the Rehame monitoring bill for the Premier's Office cost \$3.2 million. The billing system at Sydney Water cost taxpayers \$51 million and political advertising on the Commonwealth Grants Commission cost \$800,000.

This Government is addicted to wasting taxpayers' funds. The aim of this bill is to enable the Government to continue its pork-barrelling and to cover the costs of its slush fund. The greatest example of that is the \$17 million in payments to Austeel and to white shoe salesman Clive Palmer. That \$17 million could have been used to pay for Pambula bridge, which is located on the boundary of the Bega and Monaro electorates. In the 12 months that the honourable member for Monaro has been a member in this Chamber he has not referred in any private member's statement to the Pambula bridge. He has failed to mention it.

Mr Russell Turner: He has gone all quiet.

Mr ANDREW CONSTANCE: The honourable member for Monaro has gone quiet in relation to the Pambula bridge.

Mr Steve Whan: Point of order: The honourable member is misleading the House. I have spoken in this Chamber about Pambula bridge. I have taken the Parliamentary Secretary, the honourable member for Fairfield, who is in the Chamber, to Pambula bridge. I would like the honourable member for Bega to tell us whether he opposes the \$15 million drought-funding package in this legislation. Will he vote against drought funding?

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

Mr ANDREW CONSTANCE: The greatest example of this Labor Government's shonky fiscal management is to be found in the Austeel project, which cost the taxpayers of this State \$17 million. As I rightly pointed out—and this is an issue about which the honourable member for Monaro appears to be a bit sensitive—that \$17 million could have been used to pay for Pambula bridge, an issue that he has failed to mention in private members' statements in this place. That \$17 million could also have been used to pay for the Bega

bypass or the spine road at Batemans Bay. Instead, it was used for compensation payments for a shonky business deal arranged by the Treasurer and the Premier, who between them do not have a commercial brain in their heads.

The people of New South Wales got nil, nought or zip from this Labor Government—zip in the words of the Premier, the Hon. Bob Carr, nichevo in Burmese, nogat in Tongan, or intet in Swedish. Some of the company kept by Premier Bob Carr and Treasurer Michael Egan lends itself to these types of business outcomes for the people of New South Wales. This is a grubby outcome for the people of New South Wales. The Government bent over backwards for Clive Palmer. It bought land, enacted a State environment protection plan specific to the site, undertook flood modelling, engineering studies and geotechnical investigations, and completed studies to dredge the Hunter River south arm.

As the Treasurer said in the other place, government expenditure on Austeel was \$21.1 million; land purchases, \$3.2 million; payments to Austeel, \$7.2 million; contracted and consulting advice, including technical, financial and economic studies, \$4.6 million; legal fees, \$5.2 million; and miscellaneous items, including project management fees, disbursements to the Department of Commerce and environmental works, \$0.9 million. That \$17 million allocation is reflected in black and white in this appropriation bill. What does that say about the Treasurer and the Premier, who mishandled this issue from day one?

We have seen in the Appropriation (Budget Variations) Bill that \$17 million has had to be advanced for the Austeel project. As I said earlier, this bill is nothing more than a snapshot of government waste across New South Wales. This State Government is increasing taxes when its State counterparts and the Federal Government are lowering taxes. The main reason for that is Labor's poor fiscal management of the State budget. This Government is addicted to tax revenue and to wasting taxpayers' money, yet it does not appear to be concerned about basic issues, such as kids walking in playgrounds and stomping through raw sewage, or elderly people taking their bandages home to clean them. Some Labor members in this House, for example, the honourable member for Monaro, put politics above the needs of their local communities. The honourable member for Monaro is interested only in politics; he is not interested in strong community representation.

[*Interruption*]

Mr Deputy-Speaker, are you worth the extra \$16,000? Will you make the honourable member for Monaro be quiet? His behaviour is unnecessary.

Mr DEPUTY-SPEAKER: Order! Is the honourable member for Bega reflecting on the Chair? I warn him not to do so.

Mr ANDREW CONSTANCE: Those Labor members are contemptible. They do not represent their local communities and they do not listen to what community members are saying. The honourable member for Monaro comes into this House and says that all is well in the Southern Area Health Service and that patients are receiving the best care, but he completely ignores what is going on. This morning I received a report that 160 people in the Southern Area Health Service have applied for redundancies. Public servants are walking away from working for this Government simply because it cannot manage its books. This Government treats public servants poorly. Month after month the Premier stands up in this Chamber and blames bureaucrats for this Government's mismanagement. The fact that 160 employees in the Southern Area Health Service want to leave says a lot about Labor's management of health services in this State.

Mr ANDREW STONER (Oxley—Leader of The Nationals) [12.07 p.m.]: The Appropriation (Budget Variations) Bill is all about a government needing even more taxpayers' money for unforeseen expenses—an issue on which I will expand in more detail shortly. Over the past nine years this profligate Labor Government has spent a golden stream of revenue—\$8.5 billion beyond its wildest dreams. But where has it gone? Labor's recent mini-budget delivered to the people of New South Wales a massive decrease in public services and an increase in State taxes. Rather than using this revenue windfall to invest in much-needed infrastructure in country areas, or perhaps delivering a tax cut to the taxpayers of New South Wales, the money has been spent and the Government needs more money for expenses via this appropriation bill.

Recently the Labor Government manufactured a media spin that seeks to blame the Commonwealth for the impending increases in State taxes and charges. Yet every New South Wales taxpayer can see through the "Let us blame Canberra" line as they realise that the Grants Commission formula is set up by the States and Territories in conjunction with the Grants Commission, not the Federal Government. It is clear that due to

increasing GST revenue New South Wales stands to receive windfall gains, courtesy of the Federal Government—far more than the Carr Labor Government says it has lost due to the Grants Commission formula. Let us be clear on this issue. New South Wales Labor's waste and mismanagement is the cause of the impending tax hikes and service cuts that the people of New South Wales are facing.

The endemic waste that is revealed in this appropriation bill exposes the arrogant deception in Sydney Labor's spin about the mini-budget that was handed down last month. The bottom line is that the mini-budget will have a lasting impact on regional development, country businesses and jobs. Once again Labor has targeted country communities to pay for its waste and financial mismanagement. It disgracefully broke its promise to maintain CountryLink services for 12 months by cancelling the rail service between Casino and Murwillumbah. While Labor made much of its increased spending on CityRail, not one cent has been allocated for CountryLink and not one word has been spoken about rolling stock or country branch lines. It is clear that Labor has in its sights other CountryLink services, including booking offices, travel centres and staff on country rail stations, not to mention grain rail branch lines.

It does not stop at rail. The Government has cut \$100 million from the roads budget for the next two years, which will inevitably lead to a blow-out in maintenance works and see the ailing country road network deteriorate further. That contrasts starkly with last night's Federal budget, which makes massive amounts of money available to the States and their local communities via the Roads to Recovery Program. The Federal National-Liberal Coalition is interested in transport infrastructure, unlike the Labor Government in New South Wales. The Premier and his Treasurer have abolished the land tax threshold, which is another blow for small business and property investors in rural and regional New South Wales. This is a new tax on country businesses and property investors. Previously land tax kicked in only at \$317,000 but now all businesses and property investors will be caught in the land tax net. This is a major disincentive for small businesses looking to set up in, or relocate to, country areas.

Mr Steve Whan: This is the same speech as last night.

Mr ANDREW STONER: I spoke last night on the mini-budget bill, which deals with the same issues as this appropriation bill. The Government has run out of money because of its profligate spending habits. The mini-budget is about increasing taxes and cutting services. It is symptomatic of the problem that all Labor governments seem to have, and the Carr Labor Government is no different: it simply cannot manage the State's finances. It will take and take and take and when the taxpayers look for some return on their investment they cannot find it. We have only cuts and the Government's insatiable appetite for tax revenue.

Regional development is clearly a foreign concept for the Government, particularly given its decision to slash by \$2.5 million next year business assistance grants and other programs run by the Department of State and Regional Development. This cut will increase to \$6 million in following years. Then there is the coal industry levy and the merger of the four key rural portfolios of Agriculture, Fisheries, Mineral Resources and State Forests into a single super Department of Primary Industries. Mr Egan claims that this will save \$37 million next year and \$58 million by 2007-08. This restructure will affect about 600 jobs.

Mr Steve Whan: Will you reverse that decision?

Mr ANDREW STONER: If the honourable member for Monaro knows how to cut 600 jobs from departments that have already faced a death by a thousand cuts under this Government in the past nine years without affecting front-line services, he is welcome to tell the House how that can be done. But the average person would assume that that sort of massive cut to those key rural portfolios could be achieved only by hacking into the services that farmers, foresters and fishers need to keep their industries competitive in this State of New South Wales.

The Nationals are also very concerned about the delay in the commencement of 60 projects earmarked for funding under the Country Towns Water Supply and Sewerage Program, at a cost of \$29.8 million. City people do not make do with substandard water or sewerage services so why should country people? This Government has told the 60 communities who were looking forward to upgrades to their water supply and/or sewerage schemes that they can wait for another two years for those improvements. The Government has also slashed capital works funding to State Water by \$8.7 million. That is essential infrastructure expenditure in country areas.

The Appropriation (Budget Variations) Bill contains a number of nebulous projects with questionable benefits that have been singled out for funding at the expense of critical regional infrastructure funding at a time

when the State's regional and rural areas are facing financial hardship. For example, \$300,000 will be spent on an inquiry into registered clubs that is nothing more than a witch-hunt designed to dredge up bullets to fire back at the club movement for its strident opposition to the iniquitous increase in poker machine taxes. An additional \$641,000 is allocated to parliamentary committees, the recommendations of which we can be sure the Government will use its numbers to ignore or to vote down if the committees dare to challenge its agenda.

For example, in January 2003 the Staysafe Committee made recommendations to the Government in respect of level crossings. Neither the committee nor the House has heard anything of the matter since then: we have not seen a report let alone the Government's response. Only a couple of weeks ago there was a tragic fatality in the Baan Baa community in the State's north-west. If the Government intended to take committee inquiries seriously and to implement their recommendations, it would be money well spent. However, there is no sign that that will happen under this New South Wales Government.

The Sydney Theatre Company [STC] is to receive \$2.5 million to establish an active ensemble and a further \$2 million for the maintenance of its Walsh Bay theatre. The Government has singled out the STC as being worthy of a huge subsidy from the taxpayer but taxpayers are obviously choosing not to patronise the STC in sufficient numbers to permit it to cover its costs through ticket sales. The Minister for Transport Services has said that various CountryLink stations around the State must pay their own way through ticket sales, but not so the STC. That is hypocritical. If the STC is living beyond its means why should taxpayers foot the bill? Interestingly, the bill exposes the disregard that the Government shows to country and coastal communities. It reveals the Government's preference for city over country. There are some glaring examples. Some \$550,000 has been allocated for new office accommodation for the police ministry when just two months ago the Opposition exposed the Government's plans to delay again the much-needed upgrading of police stations around the State, including those at Armidale and Griffith.

Mr Daryl Maguire: And Wagga Wagga.

Mr ANDREW STONER: And at Wagga Wagga. This decision was made because the police service was under pressure from the Treasury to cut costs. Cost cuts are good enough for police officers but not good enough for the Minister for Police. Some \$330,000 is allocated to the Sydney Festival but not one extra cent will be spent to entice businesses to hold conferences in the country or on special events in country towns. Some \$833,000 will be used to establish offices of the Premier's Department in Newcastle, Gosford and the Illawarra but major regional centres such as Dubbo, Wagga Wagga, Tamworth and Port Macquarie are clearly not worthy of more attention from the Premier and his department.

But by far the biggest slap in the face for the country is the amount to be appropriated for drought support. We all know that the drought of the past couple of years is the most long running and widespread for a century. In recent times the Federal Government has allocated a total of almost \$1 billion to drought support and related measures. Contrast this with the total appropriation for drought in this bill: a miserly \$30.7 million. Yet from the Government's rhetoric about how much it has helped farmers one would be forgiven for having the impression that it was 20 times that amount. The \$10.6 million allocated by NSW Agriculture for drought relief measures is a combination of salaries and programs for employees of the department, with relatively little of this sum reaching farmers. The total appropriation for the Rural Assistance Authority's drought assistance package is a meagre \$4.1 million in this financial year. From this the RAA's emergency projects must be funded.

I note that \$16 million is to be appropriated for loans under the Special Conservation Scheme. I make two points about that scheme. First, farmers were asking for grants, not loans, to give them more flexible and definite assistance that could be used for any purpose, including paying back existing creditors. But the Government ignored their calls and instead forced farmers seeking assistance under this scheme to borrow more money—all of which must be repaid. During the previous drought the Coalition outlaid more than \$215 million in aid between August 1994 and February 1995 that was directed at on-farm measures. We understood then, as we do now, that money spent keeping stock alive is crucial to preparing for the best possible recovery when a drought ends. It is also a vital part of sustaining cash flow in rural communities. Money to help replant crops and bring water to empty troughs is part of the necessary government response to drought.

Importantly, these assistance measures also help farmers to relieve grazing pressure by allowing them to feed stock with bought fodder rather than leaving them to graze paddocks bare. This is an immeasurable environmental benefit that has wider community value. However, the amount appropriated in this bill for drought equates to less than \$15 a week for each drought-affected farm in New South Wales. With this money a farmer could feed only 10 sheep in the flock that would need to number more than 1,000 to be at commercial

scale. These examples indicate that the Government has paid nothing more than lip-service to this drought while, in the same bill, it is wasting millions of dollars on projects that will return nothing to the State's economy.

The third and final point that I want to expose, which is implicit in these expenditure items, is one of sheer waste and excess. I know that the examples I have exposed so far reveal wasteful government spending, but some other projects appropriated in this bill stand out as being monumental. The Ministry for Transport wants \$550,000 in additional funds to cover the costs of the inquiry into sustainable passenger transport. We do not need an inquiry that costs \$550,000; we need the 20 more train drivers that this money could have paid for—that is simple. An amount of \$12.5 million has been allocated to cover a stuff-up in the issuing of infringement notices and fines to people who were later discovered to have been fined without the coverage of law, either because the statute of limitations had expired or a fine was issued in error. An additional \$5.1 million is needed to fix the systems at the Infringement Processing Bureau. I congratulate the Government on acting to fix the problem after only \$12.5 million worth of mismanaged fines were issued!

But the clanger has to be Austeel. The Premier and the Treasurer championed this project as the saviour of the Hunter region, and where is it now? Austeel is a lost cause, a failed dream, an expensive punt and a waste of \$17 million. The Government has again come back to this Parliament, as it does each year around this time, to appropriate more funds to cover its overspending and waste. This year, however, the Opposition is forced to be more critical because the State has already faced massive service cuts and unprecedented tax rises two to three months before the State budget is due to be handed down. In the examples I have mentioned, excluding Austeel, there is more than \$20 million dollars worth of waste. I know that is a drop in the ocean when compared to the \$3.3 billion in waste that the Opposition exposed in April during the last sitting of State Parliament.

Every cent must now be scrutinised at a time when taxpayers are forced to pay the price of years of Labor Government neglect, while it chooses to blame others—Canberra, in particular—for its own mismanagement. The incompetent economic credentials of Labor are now catching up with it as stamp duty revenues slow and waste spirals. At this time I give the people of country and coastal New South Wales a commitment that The Nationals will continue to expose Labor's waste and mismanagement until we can remove it upon taking government in 2007.

Ms PETA SEATON (Southern Highlands) [12.21 p.m.]: Yet again we have the annual scandal of the Carr Government asking for more money because it has wasted so much of what it had appropriated earlier in the year. It is not content that it has had nine years of the best economic circumstances that any government could want, thanks to the exceptionally good management of the Howard Government. This Government has reaped record revenues year after year, yet it is crying poor, with cap in hand, wanting the taxpayers of New South Wales to sign another blank cheque to the Labor Treasurer and the Premier. That is straight off the back of the so-called mini-budget, which taxes families and investors, places greater burdens on people who rent, and will cut the property market stone dead.

This incompetent Government does not deserve to occupy the Treasury benches. It has presided over a litany of billions of dollars of waste during the time it has been in government. As a result of the legislation that every Labor member in this place voted for last night, decent, hardworking people in New South Wales who invested in a property to secure their own and their family's future, to provide accommodation for an ageing relative or to provide much-needed rental accommodation will have to pay, yet again, for this Government's mismanagement. I have undertaken to refer to letters from my constituents. Petrina Bint wrote to the Premier in these terms:

Dear Mr Carr,

Your proposed new stamp duty and increased land tax are not taxes on Property investors, they are discriminatory taxes to be levied on each & every NSW tax payer who has worked hard enough to be able to afford a holiday home, investment property, their own business premises or even vacant land on which to build a future home ...

Your proposed new taxes will do long term harm to the state of NSW and its people, to the good fortune of both Queensland and Victoria. Mr Carr and Mr Egan, we demand that you dropt the proposed land tax changes and further demand that you also drop the proposed new 2.25% stamp duty on the sale of all property other than the family home.

Last night the Liberals voted against those new taxes but each and every member of the Australian Labor Party—including the honourable member for Camden, the honourable member for Campbelltown and the honourable member for Kiama—lined up and voted for new taxes on hardworking families. I received a letter

from a woman in Bowral whose property will also be affected by the new taxes. Despite the fact that the Carr Government is reaping record revenues and more taxes out of the taxpayers of New South Wales, with cap in hand it has introduced this appropriation bill in this Chamber and, at the same time, it is telling people in the Southern Highlands that they will have to cop cuts to their rail services. Where has the money gone?

Last week there was a disgraceful episode in another place when the Minister for Transport Services offended decent, hardworking rail users in my electorate by calling them Bowral stockbrokers, millionaire stockbrokers, elite, or people who benefited from sweetheart deals. I advise the House about some of those so-called millionaire stockbrokers. I note that honourable members on the other side are laughing. I draw attention to the types of people that Michael Costa has offended with his slur. Kelly Greenwood is a young woman who works in Sydney as an accounts assistant and her husband, Bruce, works in Chester Hill as a bank teller. They live in the Southern Highlands and every day rely on a train service to get them to and from their jobs in Sydney. They do not have high-paying jobs. They do not have a holiday home or a millionaire holiday retreat in Bowral. They are decent, hardworking people who earn a living and want a train service to get them to work on time so that their pay is not docked, as happens to many people in my electorate. This Government wants to rip out through services and force rail users to change trains, which will result in an even greater capacity for train delays and misconnections, and those people will fail to get to work on time. It is an utter disgrace that they could spend up to two hours extra to get home.

People in my electorate are outraged by what Michael Costa said. Radio 2ST, a station that does a great job in my electorate and gives people the chance to speak up about local issues, ran a talk-back program last week about what Michael Costa said about local rail users. The station will send me a tape of that talk-back session and has asked me to play it to Michael Costa so he can hear what he has refused to come to the Southern Highlands and hear for himself. When the tape arrives I will challenge him to listen to it and, having heard what the people have said in response to his disgraceful comments, to reconsider his promised cuts to local rail services. Last week I spoke to people in the Illawarra who were very concerned about another new tax that the Carr Government is introducing: a change to coal royalties. There are a couple of coalmines and many coal industry related businesses in my area, and also in the Illawarra. Not content with record revenue and new property taxes, the Government plans to reap even more millions out of the coal industry.

Mr Milton Orkopoulos: It is a sensible move, you know that!

Ms PETA SEATON: The honourable member for Swansea says that to rip more money out of the coal industry is a sensible move. As an example, coking coal in my electorate is \$54 a tonne, which in Australian dollars is \$72 a tonne.

Mr Milton Orkopoulos: Point of order: I cannot see how the comments of the honourable member for Southern Highlands are relevant to the bill. Coal royalties have nothing to do with the bill, and I ask that the honourable member be directed back to the bill.

Mr DEPUTY-SPEAKER: Order! The honourable member for Southern Highlands should return to the leave of the bill. The last five minutes of her speech has been on everything but the bill.

Ms PETA SEATON: We are debating a bill that asks us to sign another blank cheque for the Carr Government at the same time as it is raising millions of dollars in revenue from new taxes and is not accounting for the difference. The Government is not explaining to the people of New South Wales why it wasted millions of dollars on the Millennium trains and the Austeel project, and why it has wasted millions of dollars on blow-outs in, or cancellation of, many other projects it has handled. It has not said why it has wasted millions of dollars on the Sydney water system. That the Government wants to rip more than \$11 million more out of Illawarra coal business is relevant to the debate that is taking place today.

The Government is asking us to sign a blank cheque for more money, and at the same time it is asking coal industries in my electorate, in the electorate of the honourable member for Swansea and in the Hunter Valley to cough up more in taxes to fill the black hole. This bill will make coal industry businesses in the Southern Highlands and in the Illawarra less competitive with their overseas counterparts. It will be harder to convince investors that they should invest in coal industry activities in the Southern Highlands and in the Illawarra because investors who look at coal royalties in other countries, or even other States of Australia, compared with those in New South Wales, will see that in New South Wales those coal royalties will cost them more.

Another issue that I would like to raise is that, at the same time as this Government is asking us to sign a blank cheque on this appropriation bill, it has at least \$15 million, and probably now up to \$20 million in the bank, from the Plan First levy. This levy, or tax, has been imposed by the Carr Government on every person

who builds a new home or renovates a home. The Government has built up at least \$15 million in its kitty to date. That charge on every family that builds or renovates a home makes the cost of the family home even greater than it otherwise would be. That money is sitting in kitty somewhere in Craig Knowles' department. He is stockpiling that money and not telling us where he will spend it. He is not spending that amount in its entirety on good planning or on planning reforms. The planning system in New South Wales is still in a shambles, yet he still refuses to deal with the strategic issues required to get New South Wales back on its feet, to make sure we have a proper State plan and a proper metropolitan plan. After nine years, that planning is still in a shambles.

All of the communities represented by honourable members in this place are contributing huge amounts of money to the Carr Government through the Plan First levy. I will give some examples. People who live in the city of Sydney area had paid, as at November 2003, more than \$1 million. In Baulkham Hills it was half a million dollars. The Parramatta City Council had paid \$416,000. Sutherland Shire Council paid \$340,000. In country areas, Wagga Wagga for example had paid \$81,000, Albury had paid \$69,000, and Wollondilly shire had paid \$78,000. Mosman City Council had paid \$89,000. That money has been paid by individual families that have either built or renovated a home. That is just one example of the many new taxes that the Government has introduced to try to plug the black holes created by its own economic mismanagement.

It is a disgrace that the morning after Labor members voted for new property taxes, including the vendor tax and an extension of land tax, they are now asking members of this House to sign a blank cheque to give the Government even more money for which it will be unaccountable and from which we will see little benefits. I challenge Michael Costa, in the face of this legislation, to commit to listening to the feedback on his offensive comments about rail cuts and his descriptions of Southern Highlands travellers. I challenge the Minister to come to the Southern Highlands and front those people. And I challenge him to restore local rail services in the Southern Highlands. There is no excuse, after nine years of record revenues, for the Minister to say that we in the Southern Highlands have to bear the burden of his management and suffer rail cuts.

Mr JOHN BARTLETT (Port Stephens) [12.34 p.m.]: I have been in my room listening to what purported to be the contribution to the debate by Opposition members, so I thought I would come down and give them the benefit of some of my views on the Appropriation (Budget Variations) Bill. I have heard comments to the effect that the bill is a blank cheque for the Government. In fact, the purpose of the bill is to provide accountability and transparency in what the Government has been doing through the Advance to the Treasurer and other funding arrangements for 2002-03 and 2003-04—a total of about \$1.5 billion in expenditure that the Government did not consider when it was framing its budgets for those years. This is a way of bringing forward what the Government has spent to address problems that arose during those periods. But in fact some savings have been made in that time.

The object of the bill is to appropriate additional amounts from the Consolidated Fund for recurrent services and capital works and services for the years 2003-04 and 2002-03 for the purpose of giving effect to certain budget variations required by the exigencies of government. But, in particular, I want to talk about the financial year 2002-03, in which \$186,255,000 is appropriated in adjustment of the vote Advance to the Treasurer and \$779,774,000 for recurrent services and capital works. The latter has not been mentioned by Opposition members this morning. Instead, they accuse the Government of wasting money. But what does schedule 2 to the bill say about those figures? For the Treasurer and Minister for State Development it is an item for capital works and services, noted as "Crown Finance Entity", in the amount of \$700 million for an "additional contribution to the General Government Liability Management Fund" and \$62,896,000 for "early debt repayments of co-operative loans", giving a total for the Crown Finance Entity of \$762,896,000, making the budget much more viable in the future.

In 1975 I went to Nelson Bay High School as a teacher. I was then 27 years of age, which was the average age of teachers at that school in that year. When I left in 1999 I was 49, the then average age for teachers at the school. For teachers in the education system there has been a sea change in the age of the teaching force. In 1990, when one of my friends said he was getting out of the teaching service, I asked, "Why are you going, mate?" He said, "Well, mate, we're paying into an unfunded superannuation scheme; government has never put any money in to fund the liability to pay for our super." This was a huge unfunded liability, and since 1995 this Government has been attempting to fill the hole. From 1950 to 1995 there had been no contribution by any State government to fund the liability of all those teachers, as well as nurses and so on, drawing down from the superannuation fund. No money was being paid by the State to meet that liability when it became necessary to do so. So, even though Opposition members have attacked the Government because, they claimed, it was not being responsible, this is the first Government that has put in money so that teachers will have the advantage of their superannuation at the end of their years of service. But I have not heard that \$770 million mentioned in this debate so far.

I now refer to exigencies during 2003-04. The Government allocated \$10.68 million for drought relief measures and \$4.1 million for the drought assistance package. The Department of Environment and Conservation acquired four Asian elephants from Thailand for Taronga Zoo at a cost of \$1 million. This expenditure would not have been given a thought when the budget was put together some two years earlier. The Department of Ageing, Disability and Home Care received \$60 million additional funding for increased disability services. The Government responded to complaints by the community. An extra \$25 million was allocated to cover the increased cost of services to high-needs children in out-of-home care in response to community needs. The Department of Infrastructure, Planning and Natural Resources acquired coastal land—Red Rock—for \$2.2 million. Probably this acquisition was not considered two years ago when the budget was formulated.

An additional \$38.3 million was provided to fund the roll-out of extra police officers. The cost of counter-terrorism equipment, an important consideration since the disaster in New York, was \$2.574 million. I have absolutely no problem supporting the bill. It is about accountability and transparency. We are saying to the people of New South Wales, "This is what we spent that was not in the original budget." For the past five years I have contributed to debates on budget variations and usually they relate to a thirty-third or a thirtieth of the State budget. When one considers how long ago the State budget was formulated the variation is not significant. The total of the package is about \$1.5 billion, half of which will pay off liabilities and loans.

Mr DARYL MAGUIRE (Wagga Wagga) [12.43 p.m.]: Often I wonder whether Michael Egan and Bob Carr took part in *Oliver Twist* when they were at school: "Please, sir, can I have some more?" says Michael Egan and Bob Carr as Fagan says, "You've got to pick a pocket or two." Every year at this time we debate Government legislation to fund the unexpected consequences of the budget and make funding provisions for works that should have been accounted for in the normal budgetary process. From time to time governments and businesses incur additional amounts in their day-to-day operations. I recognise that unforeseen events can impact on budgets. However, when I look through the bill I see items that the Government did not disclose when it delivered the budget in this place. I can see projects that Ministers intended to pursue, but never revealed to the public in the budget. I can agree with essential maintenance for urgent repairs. I can agree that, from time to time, security initiatives need to be taken as matters arise.

I cannot agree that the Premier of this State would not know that in the foreseeable future he would fund additional accommodation for his staff in the Illawarra and on the Central Coast. I cannot agree that the Minister for Police would not have factored into his budget additional accommodation or alternative accommodation if he knew that the building was either leased or under some other financial arrangement. I cannot agree that the Attorney General would not know that he would establish a regional office at Dubbo. The honourable member for Port Stephens said that the bill is transparent, but that is not true—it is not. It is like extracting teeth to get information from the Government. Why do these items appear suddenly in the budget variations when they should have been enunciated within the budgetary process over which the Ministers preside? I refer to my good friend the Auditor-General because when it comes to transparency and doing what is right for the State he sums it up:

Taxpayers have the right to expect governments to spend their tax dollars efficiently and effectively. They have the right to expect governments to be accountable.

He is correct. They also have the right to expect transparency, which is not in the bill. Before I came into this place and during my time here I have followed the machinations of the Premier and the Treasurer. In the *Sun-Herald* of 11 April David Koch wrote an interesting article headed "The state reaps record levels of cash but still wants more". The article stated:

The bottom line in all this is that the NSW Government is reaping record levels of tax revenue and NSW consumers are the highest taxed in the country.

An article in the *Australian Financial Review* of 7 April says:

As the NSW government tells it, Canberra is to blame for its fiscal problems. But, as NSW voters know, the Carr government's budgetary problems run much deeper than the cuts imposed on the recommendation of the Commonwealth Grants Commission.

What the NSW Treasurer portrays as a heroic boost to spending in health and public transport, is in fact a desperate attempt to catch up after years of neglect.

And the increases in taxes and public sector redundancies are needed because the NSW government has been caught short by the end of the property boom.

The government was too willing to spend the revenue from the housing boom on vote-winning projects and programs, and too neglectful of the longer-term needs of areas such as the hospital system and public transport.

Obviously people can make up their own minds after reading these interesting articles. They can determine whether what is written is true or false. An article in the *Daily Telegraph* dated 30 March states that the Government and the Ministers, one of whom is at the table, the Attorney General, have wasted \$3.3 billion. Typically on the part of this Government, some of that will be incorporated in this bill. Speakers who preceded me in this debate have reflected on that waste.

Mr Alan Ashton: Where is the \$3.3 billion in waste—hospitals, schools?

Mr DARYL MAGUIRE: It is stated in the article that sets out waste and mismanagement.

Mr Alan Ashton: The *Daily Telegraph*! You are quoting the *Daily Telegraph*.

Mr DARYL MAGUIRE: So the honourable member for East Hills does not agree with what the *Daily Telegraph* prints?

Mr Alan Ashton: No, I do not—rarely, if ever.

Mr DARYL MAGUIRE: Many people read the *Daily Telegraph*, so the honourable member for East Hills should not insult the public's intelligence. People will make up their minds about who is right and they are entitled to read articles from whoever contributes them to newspapers. Last night's Federal Government budget blew the New South Wales Government's arguments out of the water. The Treasurer is perpetrating a con on the people of New South Wales by saying that the need for increased taxes and charges justifies the introduction of this bill. Last night it was made plain that by 2007-08 this Government will receive \$620 million in goods and services tax revenue. Last night this Government's financial management was put under the microscope and the Government was exposed for trying to shove meaningless rhetoric down the throats of the people of New South Wales. As the time allocated for my speech is limited, I will conclude by referring to an article from the *Daily Telegraph* of 21 March 2004:

PREMIER Bob Carr has lost the confidence of voters over his handling of the critical portfolios of health, public transport and roads, an exclusive poll has shown.

They are not my words; those words reflect what a poll has shown. I also refer to an article that cites John Robertson, a member of the Australian Labor Party and a traditional supporter of Labor governments:

"People are waiting to give it to the government," NSW Labor Council secretary John Robertson says bluntly. "Labor governments can't assume union members will vote for them."

All of this comes just 12 months after Carr was returned to power ...

The honourable member for East Hills may scoff and laugh at those quotes.

Mr Alan Ashton: I do.

Mr DARYL MAGUIRE: The honourable member for East Hills acknowledges that he does. Voters will make up their minds about the way this Government has managed the New South Wales economy and the way that it comes before the House year after year with cap in hand, begging for approval for appropriations to cover mismanagement and non-disclosure of capital works in the plans it has for the State. The incompetence of Ministers of this Government is obvious from the provisions of the Appropriation (Budget Variations) Bill. When it comes to transparency, this Government gets a Z.

Mr BOB DEBUS (Blue Mountains—Attorney General, and Minister for the Environment) [12.52 p.m.], in reply: I acknowledge the contributions of all honourable members who participated in the debate on the Appropriation (Budget Variations) Bill—incomprehensible though some contributions from Opposition members were. I thank the honourable member for Willoughby, the honourable member for Kiama, the honourable member for Hawkesbury, the honourable member for Monaro, the honourable member for South Coast, the honourable member for Hornsby, the honourable member for Southern Highlands, the honourable member for Port Stephens, the honourable member for Wagga Wagga and the Leader of The Nationals for their contributions. Given some of the remarks made by the honourable member for South Coast, I should make it clear that the Treasurer's Advance is not, as she seemed to believe, about urgent issues; it is about unforeseen items that emerge during the year.

I mention also that the honourable member for Willoughby expressed concern about \$300,000 for expenditure on inquiries into clubs. I point out that the money is to conduct inquiries into improper conduct and corrupt practices. So far as I am aware, the honourable member for Willoughby in point of fact ought to support

inquiries that are meant to ensure that the clubs industry is, as far as is possible, free from corruption, even though she appears to have made an error in her assessment of that particular item of the budget. I remind honourable members that the New South Wales Government is wearing the wrath of the Howard Government's grants allocation policies. During this debate, not a single word was said by Opposition members about the impact of the Howard Government's budget or policies on the New South Wales budget.

I remind the House that Commonwealth grants worth approximately \$376 million a year for five years have been cut from the allocations made to New South Wales and that in excess of \$100 million has been cut from health allocations to New South Wales. All this has occurred at a time when there is every reason for the Commonwealth to give more assistance rather than less to the States. From the point of view of the overall good of this country, there is not much point in stealing \$1 billion from the States with respect to health allocations, as the Commonwealth Government has done, and giving it back to people by tax incentives that will in no way overcome the effects on public health caused by the original cuts. I commend the bill to the House.

Motion agreed to.

Bill read a second time and passed through remaining stages.

[Mr Deputy-Speaker left the chair at 12.56 p.m. The House resumed at 2.15 p.m.]

MINISTRY

Mr BOB CARR: In the absence of the Minister for Health, the Minister for Energy and Utilities, the Minister for Science and Medical Research will answer questions on his behalf. In the absence of the Minister for Mineral Resources, who is attending a funeral, the Minister for Tourism and Sport and Recreation, and Minister for Women will answer questions on his behalf.

PETITIONS

Balgowlah North Public School

Petition requesting an upgrade of the Balgowlah North Public School facilities, received from **Mr David Barr**.

Milton-Ulladulla Public School Infrastructure

Petition requesting community consultation for suitable public school infrastructure in the Milton-Ulladulla districts, received from **Mrs Shelley Hancock**.

Autism Spectrum Disorder

Petition requesting additional support for children affected by Autism Spectrum Disorder in all educational settings in New South Wales government schools, received from **Mr Daryl Maguire**

Wagga Wagga Electorate Schools Airconditioning

Petition requesting the installation of airconditioning in all learning spaces in public schools in the Wagga Wagga Electorate, received from **Mr Daryl Maguire**.

Gaming Machine Tax

Petitions opposing the decision to increase poker machine tax, received from **Mr Andrew Fraser, Mrs Shelley Hancock, Mrs Judy Hopwood, Mr Daryl Maguire and Mr Steven Pringle**.

White City Site Rezoning Proposal

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

Water Police Pymont Site

Petition opposing development of the current Water Police Pymont site, received from **Ms Clover Moore**.

Lake Woollumboola Recreational Use

Petition opposing any restriction of the recreational use of Lake Woollumboola, received from **Mrs Shelley Hancock**.

Marriage

Petition opposing any legislative changes that would violate the basic principles of marriage, received from **Mr John Price**.

Blue Mountains National Park Fire Management Strategy

Petition requesting inclusion of Woods Reserve, Grose Wold, in the Blue Mountains National Park fire management strategy, received from **Mr Steven Pringle**.

Freedom of Religion

Petition praying that the House reject the Anti-Discrimination (Removal of Exemptions) Bill, and retain the existing exemptions applying to religious bodies in the Anti-Discrimination Act, received from **Mr Russell Turner**.

Coffs Harbour Pacific Highway Bypass

Petition requesting the construction of a Pacific Highway bypass for the coastal plain of Coffs Harbour, received from **Mr Andrew Fraser**.

The Alpine Way Upgrade

Petition requesting funding to repair, upgrade and realign eleven kilometres of The Alpine Way between the State border at Bringenbrong Bridge and the beginning of Kosciuszko National Park, received from **Mr Daryl Maguire**.

Windsor Traffic Conditions

Petition requesting funding for construction of a bridge across the Hawkesbury River, from Wilberforce Road and Freemans Reach Road, connecting to the bridge into Windsor, and the rescheduling of the current roadworks program, received from **Mr Steven Pringle**.

Acquired Brain Injury Patients

Petition requesting facilities for acquired brain injury patients, received from **Mr Greg Aplin**.

Coffs Harbour Aeromedical Rescue Helicopter Service

Petitions requesting that plans for the placement of an aeromedical rescue helicopter service based in Coffs Harbour be fast-tracked, received from **Mr Steve Cansdell**, **Mr Andrew Fraser** and **Mr Thomas George**.

Mental Health Services

Petition requesting improvements to the mental health system, received from **Mr Adrian Piccoli**.

Murwillumbah to Casino Rail Service

Petitions requesting the retention of the CountryLink rail service from Murwillumbah to Casino, received from **Mr Steve Cansdell**, **Mr Thomas George**, **Mr Neville Newell**, **Mr Donald Page** and **Mr Andrew Stoner**.

CountryLink Rail Services

Petitions opposing the abolition of CountryLink rail services and their replacement with buses in rural and regional New South Wales, received from **Mr Andrew Fraser**, **Ms Katrina Hodgkinson** and **Mr Daryl Maguire**.

South Coast Rail Services

Petition opposing any reduction in rail services on the South Coast line, received from **Mrs Shelley Hancock**.

State Forests

Petition opposing any proposal to sell State Forests, received from **Ms Katrina Hodgkinson**.

Broadmeadow to Newcastle Rail Services

Petition opposing the proposed closure of the railway line from Broadmeadow to Newcastle, received from **Mr John Mills**.

Bus Service 311

Petition praying that the Government urgently improve bus service 311 to make it more frequent and more reliable, received from **Ms Clover Moore**.

Underground Water Overuse and Evaporation

Petition requesting an inquiry into underground water overuse and evaporation through irrigation, received from **Mr Peter Draper**.

Isolated Patients Travel and Accommodation Assistance Scheme

Petitions objecting to the criteria for country cancer patients to qualify for the Isolated Patients Travel and Accommodation Assistance Scheme, received from **Mr Thomas George** and **Mr Andrew Stoner**.

Horticultural Industry Water Restrictions Assistance

Petition requesting assistance for the horticultural industry to cope with water restrictions, received from **Mr Steven Pringle**.

Wagga Wagga Electorate Fruit Fly Control

Petition requesting funding for fruit fly control/eradication in Wagga Wagga, Lockhart, Holbrook and Tumbarumba, received from **Mr Daryl Maguire**.

Sow Stall Ban

Petition requesting the total ban of sow stalls, received from **Ms Clover Moore**.

Cat and Dog Meat

Petition requesting legislation banning the sale of cat and dog meat for human or animal consumption, received from **Ms Clover Moore**.

Companion Animals Legislation

Petition requesting amendments to the Companion Animals Act 1998, received from **Ms Clover Moore**.

DISTINGUISHED VISITORS

Mr SPEAKER: I welcome to the public gallery Mr Constantine Zisis, the former Chief Executive Officer of the National Bank of Greece, who is a guest of the Minister for Justice, the Hon. John Hatzistergos. I also welcome Mr Michael O'Brien, a member of the Economics and Finance Committee of the South Australian Legislative Assembly, who is a guest of the honourable member for Kiama, the Chair of the Public Accounts Committee.

BUSINESS OF THE HOUSE**Withdrawal of Business**

General Business Notice of Motion (General Notices) No. 14 withdrawn by Mrs Jillian Skinner.

QUESTIONS WITHOUT NOTICE

MINI-BUDGET INVESTMENT PROPERTY TAX

Mr JOHN BROGDEN: My question is directed to the Premier. Given that New South Wales will reap a \$620 million windfall from the new tax system in 2007-08 alone and a massive \$1.1 billion windfall over four years, will the Premier now eliminate his new property taxes on mum and dad investors?

Mr BOB CARR: Mr Speaker—

Mr SPEAKER: Order! The Leader of the Opposition will listen to the Premier in silence.

Mr BOB CARR: We know that the Leader of the Opposition is woefully inexperienced and now we know that he cannot read budget papers. Budget Paper No. 3, which was released yesterday—

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

Mr BOB CARR: Page 6 of Budget Paper No. 3 spells out the cuts to New South Wales. It is a public document—as it happens, it is the Commonwealth Government's public document. In a chart entitled "Table 3: GST Revenue Provisions to the States" one column says that in 2003-04 New South Wales received \$9,690.5 million. But the figure for 2004-05 falls to \$9,648.3 million. There it is. There is the cut to New South Wales spelled out in the Commonwealth's document. That document came not from us but from the Commonwealth. What did the Leader of the Opposition not read? Why did he not read the Commonwealth's document?

Mr John Brogden: Point of order—

Mr BOB CARR: There is no point of order. The Leader of the Opposition should be able to be coached through this. Nick Greiner ought to be able to give him a hand reading this.

Mr SPEAKER: Order! I do not intend to give the Leader of the Opposition the call to take a point of order. He clearly has no intention—

Mr John Brogden: You haven't heard the point of order.

Mr SPEAKER: Order! I call the Leader of the Opposition to order. He clearly has no intention of taking a point of order.

Mr Andrew Tink: How do you know?

Mr SPEAKER: Order! I call the honourable member for Epping to order for the second time. The Leader of the Opposition has a piece of paper in his hand, which clearly demonstrates that he intends to give further information to the House, as he has done on previous occasions in an attempt to interrupt the Premier or, indeed, other Ministers when they are providing replies. The Chair will not tolerate that kind of activity from Opposition members, who are deliberately attempting to break up the flow of answers from the Premier and other Ministers. The Premier has the call.

Mr BOB CARR: To reinforce the point, on page 11 of the same document the Commonwealth Treasurer spells out why—

Mr Andrew Fraser: Point of order—

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

Mr Andrew Fraser: Point of order—

Mr SPEAKER: Order! There is no point of order. The honourable member for Coffs Harbour will resume his seat.

Mr Andrew Fraser: It's a point of order.

Mr SPEAKER: Order! I place the honourable member for Coffs Harbour on three calls to order.

Mr BOB CARR: The Commonwealth Treasurer actually spells out why New South Wales should get less.

Mr SPEAKER: Order! There is no possible way that the honourable member for Coffs Harbour could have a point of order.

Mr Andrew Fraser: Point of order—

Mr SPEAKER: Order! I ask on the Deputy Serjeant-at-Arms to remove the honourable member for Coffs Harbour.

Does the honourable member for Coffs Harbour refuse to leave the Chamber?

Mr Andrew Fraser: I do.

[Questions without notice interrupted]

MEMBER NAMED

Mr SPEAKER: Order! I name the honourable member for Coffs Harbour for persistently and wilfully obstructing the business of this House.

Mr CARL SCULLY (Smithfield—Minister for Roads, and Minister for Housing) [2.34 p.m.]: I move:

That the honourable member for Coffs Harbour, Mr Fraser, be suspended from the service of the House.

Mr ANDREW FRASER: Mr Speaker, I am absolutely amazed at your partial conduct as the independent Speaker of this Chamber. I rose to take a point of order under standing order 105, and I will take that point of order now. The standing order states that when a member rises on a point of order the Speaker shall hear the point of order and the member who was speaking shall resume his seat. On more than one occasion in this House in this session and in other sessions the Premier has repeatedly ignored the fact that a point of order has been taken and has refused to recognise the call "Point of order". Mr Speaker, we have now reached the ludicrous stage where you are not taking points of order on the assumption that the point of order may provide further information. That reveals to me that you are abrogating your responsibility as an impartial Speaker of this House.

Mr Speaker, you are always saying that you and Government members know the standing orders of this House. However, I put it to you that you do not have even a rudimentary knowledge of the standing orders. I point out that the Standing Orders and Procedure Committee of this House has not met in five years. You are a new Speaker, appointed after the last State election, but you have not deemed it necessary to call a meeting of the Standing Orders and Procedure Committee. I suggest that is because you do not know what *Standing Rules and Orders* is, let alone what it contains. In fact, Mr Speaker, on more than one occasion in this House during the past session you took instruction from the Leader of the House, Minister for Roads, and Minister for Housing, as to which members should go and which should stay, and which points of order should be heard and which should not.

Your refusal to accept my point of order under standing order 105 is an abrogation of your responsibility to me as a member of this House, to every other member in this place, to the people of my electorate and to every other person in this State. As far as I am concerned, when you can show some impartiality in your job you will have the respect of both sides of the House. I put it to you, Mr Speaker, that at

present you do not have even the respect of the Premier or Government members because they know full well that they can dictate to you at any time what they deem your duties to be.

Look at the way in which you conducted the business of the House yesterday. Every time an Opposition member interjected, laughed or made any noise or comment that member was called to order. But when the Premier was on his feet conducting his theatrical circus you did not call one Government member to order. You allowed the Premier to continue his nonsense and in so doing you—not the members—made a laughing stock of this Parliament and this State. I, for one, believe in the standing orders of this House. The basic tenet of standing order 105 is that the Speaker shall hear a point of order and then rule on it. Twice today—and we are only about 10 minutes into question time—you have refused to accept a point of order. You have refused to direct the Premier to be seated, as standing order 105 insists, when a point of order is made or is sought to be made. Yet when I insisted on my right as a member of this Chamber and as a representative of the people of the Coffs Harbour electorate to make an objection under that standing order, you decided that my point of order will not be accepted and you directed that the Sergeant-at-Arms remove me from this House.

Mr Carl Scully: A good ruling.

Mr ANDREW FRASER: Here is an example of who actually rules this House—Carl Scully, the man who would be king when Carr goes. Mr Speaker, I appeal to you, firstly, to uphold the standing orders of this House. Secondly, I challenge you to call a meeting of the Standing Orders Committee so that if you do not agree with the standing orders you may have them overturned by your Labor lackey mates.

Question—That the honourable member for Coffs Harbour be suspended from the service of the House—put.

The House divided.

Ayes, 48

Mr Amery	Mr Greene	Mr Pearce
Ms Andrews	Ms Hay	Mr Price
Mr Bartlett	Mr Hunter	Dr Refshauge
Ms Beamer	Ms Judge	Mr Sartor
Mr Black	Ms Keneally	Mr Scully
Mr Brown	Mr Knowles	Mr Shearan
Ms Burney	Mr Lynch	Mr Stewart
Mr Campbell	Mr McBride	Mr Tripodi
Mr Carr	Mr McLeay	Mr Watkins
Mr Collier	Ms Meagher	Mr West
Mr Corrigan	Ms Megarrity	Mr Whan
Mr Crittenden	Mr Mills	Mr Yeadon
Ms D'Amore	Mr Morris	
Mr Debus	Mr Newell	
Ms Gadiel	Ms Nori	<i>Tellers,</i>
Mr Gaudry	Mr Orkopoulos	Mr Ashton
Mr Gibson	Mrs Paluzzano	Mr Martin

Noes, 34

Mr Armstrong	Mr Humpherson	Mrs Skinner
Mr Barr	Mr Kerr	Mr Slack-Smith
Ms Berejiklian	Mr McGrane	Mr Souris
Mr Brogden	Mr Merton	Mr Stoner
Mr Cansdell	Ms Moore	Mr Tink
Mr Debnam	Mr O'Farrell	Mr Torbay
Mr Draper	Mr Page	Mr J. H. Turner
Mr Fraser	Mr Piccoli	Mr R.W. Turner
Mrs Hancock	Mr Pringle	<i>Tellers,</i>
Mr Hartcher	Mr Richardson	Mr George
Mr Hazzard	Mr Roberts	Mr Maguire
Ms Hodgkinson	Ms Seaton	

Pairs

Ms Allan
Mr Iemma
Ms Saliba

Mr Aplin
Mr Constance
Mrs Hopwood

Question resolved in the affirmative.

Motion agreed to.

Mr SPEAKER: Order! This being the first occasion during this session upon which the honourable member for Coffs Harbour has been suspended, his suspension will be for two sitting days.

[The honourable member for Coffs Harbour left the Chamber, accompanied by the Deputy Serjeant-at-Arms.]

QUESTIONS WITHOUT NOTICE

[Questions without notice resumed.]

MINI-BUDGET INVESTMENT PROPERTY TAX

Mr BOB CARR: Before the interruption, I was spelling out to the House from page 3 of the Commonwealth's own budget document, which sets out the figures for the reductions in our grants between 2003-04 and 2004-05.

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

Mr BOB CARR: On page 11 of its publication the Commonwealth defends the reduction and admits that:

New South Wales and Victoria receive less than equal per capita shares under the Horizontal Fiscal Equalisation arrangements because the CGC assessed their fiscal capacities to be relatively strong.

For example, the CGC assessed that New South Wales has a relatively stronger capacity to raise revenue from land tax and stamp duty on property transfers and payroll tax ...

It went on to give a reason relating to Victoria. But the document says New South Wales will get less in Commonwealth funds because this State has the capacity, with property taxes, to raise more. It went on to say Victoria will get less than its per capita share because it has a cheaper public sector to run, given the scale of things in Victoria. So, not only does Commonwealth Budget Paper No. 3 spell out the reduction on page 3, but it also defends it on page 11. The fact is that, even if the Prime Minister's assertion, repeated by the Leader of the Opposition, were valid, any additional money would be a quarter of what Mr Costello slashed only two months ago, when he took \$376 million a year out of grants to New South Wales. Our property tax package will raise \$690 million. That, and our saving measures, will cover the Commonwealth Grants Commission cuts—that is, \$376 million each and every year, for five years—and it will cover \$396 million in teachers and nurses pay increase. It will also cover the \$275 million that our first home buyer stamp duty exemptions provide.

Mr JOHN BROGDEN: I ask a supplementary question. Is the Premier aware of the statement made at page 13 of Commonwealth Budget Paper No. 3:

In 2004-05, all States will receive a windfall over the Guaranteed Minimum Amount. Including the compensation for annual payment of GST ... the States will receive a total gain from tax reform of over \$1.6 billion...

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

Mr BOB CARR: Here we go again! The Commonwealth Government's own budget paper spells out that other States do, but New South Wales does not. It is there: 2003-04, current financial year, GST payments to New South Wales—

Mr John Brogden: Point of order: I seek leave to table the documents relating to this matter.

Mr SPEAKER: Order! There is no point of order. The Leader of the Opposition will resume his seat.

Mr BOB CARR: We will beat you in that race: we will table it. Let me quote again the Commonwealth figures on page 3: 2003-04, the current financial year, the GST payments to New South Wales, \$9.690 billion; but in 2004-05, \$9.648 billion

CANNABIS MEDICAL USE

Mr PAUL PEARCE: My question without notice is directed to the Premier. What is the latest information on the medicinal use of cannabis in New South Wales?

Mr BOB CARR: Honourable members would be well aware the Government has been carefully exploring options for a medicinal cannabis trial in this State. They have heard me talk often about the wracking pain of those whose suffering is so acute that conventional pain killers do not work any more and they are forced to use this substance. For example, I noted the comment by the honourable member for Gosford, speaking candidly about the loss of his brother, Anthony, to cancer and the relief cannabis might have brought him:

If cannabis had been there to help him I would have wanted him to have it. ... I actually think marijuana to help people deal with the pain of terminal illness is a good thing. I don't see why it's a problem.

I believe, as do people of goodwill on all sides of politics, that it is the duty of governments to ensure people in that position receive every assistance available. That is backed up by clear and growing evidence from clinical trials that cannabis can assist patients suffering from nausea caused by cancer or HIV-related chemotherapy; muscle spasticity in multiple sclerosis; spinal cord injuries; wasting related to HIV; and severe and chronic pain associated with these medical conditions. For those reasons, medicinal cannabis legislation was introduced in Canada and the Netherlands in 2001 and 2002. In addition, eight States of the United States of America, including Colorado and Washington, have legislation allowing the use of cannabis for strictly medicinal purposes.

In light of that overseas experience, the New South Wales Government announced last May it would establish a new Office of Medicinal Cannabis within the New South Wales Department of Health. Under our proposed scheme eligibility will be tightly restricted to patients who can demonstrate that conventional treatment will not relieve their suffering; patients will be required to register annually with the Office of Medicinal Cannabis; they will need to obtain a certificate from a doctor with whom they have a genuine and continuing medical relationship; and the Government will work with medical, pharmaceutical and research institutions to examine a variety of options to ensure that registered medicinal users have access to the drug.

Since then we have been looking carefully at the complex medical, legal and constitutional issues around the provision of regulated access to medicinal cannabis—without in any way diminishing our determination to cut illicit cannabis use in the community, particularly in view of recent evidence linking prolonged cannabis use in young people to mental illness. To that end, we have consulted governments that have medicinal cannabis schemes. We have also talked to the United Kingdom Home Office about the progress of an inhaler spray being developed by the firm G W Pharmaceuticals. Our advice is that this product—which has been the brightest hope for a cannabis-based pharmaceutical—will not be available for a few years. So we must look at alternatives, otherwise we would be asking people to suffer without considering one of these options.

New South Wales is opposed to any scheme that involves growing cannabis in backyards or requiring sick people to buy the drug on the black market. Therefore we need to work with the Commonwealth to resolve issues relating specifically to Commonwealth jurisdiction, including customs legislation and therapeutic drugs approvals. The remaining alternatives—and I confess to some personal reservations—could include the importation, under strict conditions, of standardised cannabis products from reputable sources such as the Canadian Government. I have therefore today written to the Prime Minister requesting the Commonwealth's co-operation, in particular asking him to nominate a ministerial representative to work with New South Wales on this matter. In this regard, I am mindful of the Prime Minister's encouraging comments from last year when he said:

Well, in principle, providing it's prescribed and people aren't allowed to grow it. ... I would in principle see merit in it for cases where there are no other conventional medicines available to reduce pain and to provide greater comfort.

He said that on 23 May 2003 on Radio 4BC, Brisbane. For those, like the Prime Minister and I, who detest illicit drugs and the evil they do, it is not easy to come to terms with the idea that cannabis can also have a valid therapeutic use in these cases. But the evidence says it can, and so I encourage the Prime Minister to take an evidence-based approach on the issue, setting aside any temptation to respond in a simplistic way that might deny hope of pain management and pain relief to hundreds of suffering Australians.

LITHGOW HOSPITAL STORM DAMAGE

Mr ANDREW STONER: My question is directed to the Minister representing the Minister for Health. Why has the Government allowed the roof of the recently opened Lithgow Hospital to remain so defective that during a storm earlier this year water ran onto beds, lights in the emergency department fell out, and a radiographer was admitted for care after receiving an electric shock?

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

Mr FRANK SARTOR: I will take the question on notice and get back to the House. But, if the information I am getting from this side of the House and the honourable member's track record are anything to go by, he is probably wrong again.

PARRAMATTA ROAD REDEVELOPMENT

Ms ANGELA D'AMORE: My question without notice is directed to the Minister for Infrastructure and Planning. What is the latest information on the redevelopment of Parramatta Road?

Mr CRAIG KNOWLES: This morning the honourable member for Strathfield and I had had a very successful and cordial meeting with the mayors, general managers and local members of the inner west to begin a process of revitalising Parramatta Road. I think everyone understands the problem: a strip of road in economic decay providing more of a barrier than a link to those communities. The regeneration of Parramatta Road represents a huge opportunity to create linked urban villages as places for jobs and new houses.

Mr Andrew Tink: Point of order: The question was about Parramatta Road. Why is the Minister for Roads, Mr Scully, not answering a question about Parramatta Road? Why is the Minister for Infrastructure and Planning answering the question?

Mr SPEAKER: Order! There is no point of order. I call the honourable member for Epping to order for the third time.

Mr CRAIG KNOWLES: It is a pity that people like the honourable member for Epping could not have been at the meeting this morning to see terrific local representatives of their communities working together, rather than criticising, carping and taking stupid points of order.

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

Mr CRAIG KNOWLES: It is almost like Thursday has been moved forward to Wednesday; it has that feel about it today. As the mayors indicated this morning, Parramatta Road offers a real chance for major revitalisation, a chance to re-establish a community feeling and a village-style atmosphere throughout that strip. This is a chance to radically transform and revitalise that important part of our city. Parts of Parramatta Road around those terrific old suburbs like Lewisham, Petersham, Ashfield and Homebush have very fine and proud histories. Over the years much of the life has been sucked out of those suburbs as Parramatta Road continued to widen and define the urban experience. What were once vibrant and viable centres within walking distance of localised facilities and services are now a plethora of whited-out shopfronts and to let signs.

It is a classic example of a community in decline. Although there are still many good and viable retail services along Parramatta Road much of the urban atmosphere and capacity to provide good support for communities has disappeared. Many of the businesses are clinging on by their fingertips. They are marginal at best. Any plans to revitalise Parramatta Road must involve reviving the economic worth of the properties that front it. This calls for a comprehensive plan that goes way beyond some of the historic vision documents to deliver projects that invest in the properties and the public assets, and target the repopulation of that part of our city.

Opportunities for shop-top housing and higher value retail and commercial activity must be explored. A number of the councils have already embarked on that journey. The mayors presented some terrific work, contrary to the nonsense we get from the other side of the House, and members would have appreciated seeing the skills and capacity demonstrated by representatives of councils at this morning's meeting. They are very wise people doing good things for their local communities, coupled with a willingness to work together. In my discussions with the mayors of Leichhardt, Marrickville, Ashfield, Canada Bay, Burwood and Auburn we

agreed on a program to pursue an agenda that will see concrete options developed for implementation over the next eight months. A group comprising mayors, local members, and representatives from the Heritage Office, the Roads and Traffic Authority and transport agencies, will oversee the work. It will be chaired by my director-general, Jennifer Westacott.

The Parramatta Road Group will prepare specific plans for the four precincts along the corridor encompassing commercial and residential redevelopment opportunities sympathetic with the local character. This would include design guidelines for the scale, form and appearance of buildings and specific projects such as a site to demonstrate design, housing, employment, streetscape and road space concepts. I also want the group to spend some time thinking through the important question of funding and financing. Initiatives will be applied to the road to pick up some of the economic worth as we go through a process of revitalisation. These opportunities will allow local communities and local government to take charge of, and embrace, this concept in a constructive way.

The work will be divided into four sections: Camperdown to Petersham, involving Leichhardt and Marrickville councils; Petersham to Croydon, involving principally the Ashfield local government area; Croydon to Strathfield involving Burwood and Canada Bay councils; and Strathfield to Auburn and Parramatta, picking up Strathfield, Auburn and Parramatta councils. It is a great challenge for the local councils to work together. It is even a greater challenge for two levels of government to work together vertically and across the local government boundaries. The spirit of goodwill demonstrated this morning was terrific. There was a great willingness to get on with it. As a demonstration of the Government's commitment to this project I have made available \$2 million to start the ball rolling to be spent once a plan has been developed in the next few months. The \$2 million is not money for more studies: it is money to deliver change.

Mr SPEAKER: Order! There is too much audible conversation in the Chamber.

Mr CRAIG KNOWLES: Interjections by those opposite demonstrate why they were obliterated in these regions. They have absolutely no interest in the revitalisation of our city, and certainly no interest in the citizens who live in those areas, and who want something done for their area. Parramatta Road can be revitalised because there is goodwill to do it. Should the M4 East proposal proceed, it must make a contribution to the revitalisation of the inner west. If, for example, the M4 East reduces traffic by up to 30 per cent then, clearly, that provides an opportunity to rethink the present and future roles of that roadway. If we can get this very complex equation involving half a dozen local councils and various government agencies topped up with some serious money, then we can move on to other places in our city, such as Canterbury Road, the old Hume Highway, and links between the southern parts of the central business district through to the airport. These are all good things that will refresh and reinvigorate our city.

GRAFTON JUVENILE SENTENCING

Mr STEVE CANSDELL: My question is directed to the Attorney General. Does he think it is acceptable that a 17-year-old who is charged with assaulting police more than a year ago and has since been found guilty has not been sentenced after committing four breaches of bail and appearing 11 times before for a Grafton magistrate?

Mr BOB DEBUS: Obviously, I will endeavour to get just a little more detail of the circumstances and I will report back to the House if it is appropriate.

PUBLIC SCHOOLS INTERNET SECURITY

Mr MATTHEW MORRIS: My question without notice is directed to the Minister for Education. What is the latest information on Government efforts to block access in New South Wales public schools to inappropriate web sites?

Dr ANDREW REFSHAUGE: I thank the honourable member for his interest not only in education but also in the booming information technology [IT] industry and its use in education. We have a big commitment to IT in our schools, which is why we are spending almost \$8 billion over four years rolling out IT to our schools and our TAFEs.

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

Dr ANDREW REFSHAUGE: Computers are an essential tool in research, education and learning. They provide the path of opportunity our children will need when they leave school to enter the work force in a globalised world where they will most likely have more than one career. There are now 140,000 computers in our schools. With this greater access to information comes the need to ensure that our children are protected from inappropriate web sites. The installation of our computers is not just a matter of putting them into schools, but making sure that they are part of our learning. We have revamped the syllabus, making IT part of nearly every subject and embedding it into the curriculum.

Two months ago we announced a new \$84 million e-learning system for the State's schools. The e-learning system is a world first that, over time, will provide the 750,000 students and 51,000 teachers in our schools with their own e-mail addresses. It will link students and teachers through a comprehensive new set of web services, and create endless opportunities for learning and teaching. The system links students and teachers to a comprehensive new set of web services that can be used to create endless opportunities for learning and teaching.

Mr SPEAKER: Order! There is too much audible conversation in the Chamber.

Dr ANDREW REFSHAUGE: When the roll-out is complete, with the click of a mouse schools in places as far west as Broken Hill will be able to communicate with any school throughout the New South Wales system and often students will be able to communicate internationally and engage in joint learning.

Mrs Jillian Skinner: Point of order: the Minister should outline to the House why Woodport primary school has no computer access in its classrooms—none whatsoever.

Mr SPEAKER: Order! Once again I draw attention to the fact that members are abusing the point of order rule. I call the honourable member for North Shore to order.

Dr ANDREW REFSHAUGE: With new and increased access to information technology also comes a greater responsibility for government, for schools, for teachers, and of course for parents and students.

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

Dr ANDREW REFSHAUGE: With the ability to access vast volumes of information on the Internet comes the need to be ever vigilant to protect our children from inappropriate web sites and inappropriate images that might come onto their screens. Recent media reports remind us of the dangers that young people face when they access chat rooms and Internet sites. To protect our children we need the best possible technology to block inappropriate web sites.

Mr SPEAKER: Order! I remind the honourable member for Murrumbidgee that he is on three calls to order. I will not warn him again.

Dr ANDREW REFSHAUGE: We also need to teach our children about those dangers and how to protect themselves. No system will be foolproof, but we need to keep updating our technology. Filters are already in existence in our information technology systems and can be, and should be, activated. Of course they are not perfect, and there is the need to ensure that the systems are constantly upgraded. Under the new e-learning system that is being rolled out to schools across the State, state-of-the-art technology is in place—technology that blocks the inappropriate use of Internet sites, blocks the use of bad language, and enables teachers to control who enters a chat room and who speaks in a chat room.

A team of expert hackers was commissioned to test the security of the system. Asian and European countries have been so impressed by the new web services solution that they are interested in taking up our technology. Those countries are particularly interested in this system because of its security measures. Security is the core component of any IT system and the Government is continually reviewing how best to protect our web services and how best to protect our students, which means ensuring teachers have the help they need to look after students. It also means that children need to be taught what to do if they enter an inappropriate web site or if one comes up on their screen. They must inform the teacher or their parent immediately, and the teacher or parent should consider possible action that may be taken to block that site.

Sophisticated filtering software and supervision by teachers are the vital ingredients in protecting our children. It should be remembered that it is not only at school that children have access to the Internet: access

can be obtained at home, at Internet cafes and at friends' places. Apart from blocking inappropriate sites with filters, we instil in students a sense of caution by informing them what to do should they access inappropriate web sites at home or anywhere else. Our new web services program filters Internet browsing and it provides a safe and secure email and chat environment for our students. The roll-out of the new solution has commenced in south-western Sydney and completion will take approximately 18 months. While web services are progressively rolled out, the Department of Education and Training will continue to update and improve the software that is used by students to shield them from inappropriate sites.

It would be naive to pretend that any system is foolproof; it is not, and that is why the department is continuing to trial, research and test new and better safeguards. This is being done in conjunction with important groups such as principals, teachers and parents to ensure that any concerns are quickly addressed. Much is being done, and much more will continue to be done. We will continue working to keep New South Wales schools at the leading edge of information technology while at the same time protecting our students from inappropriate web sites.

INFANT DROWNINGS

Ms ALISON MEGARRITY: My question without notice is directed to the Minister for Tourism and Sport and Recreation. What is the latest information on efforts to reduce infant drownings?

Ms SANDRA NORI: I preface my response by making it clear that I recognise that parents and carers of young children do not have eyes in the back of their heads and that, unfortunately, not all tragedies are foreseeable. Perhaps to the extent that a drowning tragedy is able to be foreseen and therefore prevented, I value this opportunity to inform the House of a program to reduce the number of drownings in children under five years of age. I will refer to some resource materials that I will make available to all members for use in their electorates to help us to spread the message.

It is not commonly known that drowning is the second leading cause of injury or death for children under the age of five years in New South Wales; it is second only to motor vehicle related fatalities. The former Department of Sport and Recreation established the Water Safety Task Force, which linked agencies such as the Royal Life Saving Society of Australia and Surf Life Saving New South Wales. I am proud to say that New South Wales is recognised as the national leader in this field. The task force has completed an analysis of drowning deaths of children aged zero to five from the past six years. The study reveals that the majority of drownings occurred in backyard swimming pools in the metropolitan area. However, the alarming fact is that 65 per cent of drownings in the age group to which I have referred occurred in dams on rural properties. Of the properties involved in the survey, 64 per cent had dams which were located within 500 metres of the home.

With financial support from my department, the well-respected Royal Life Saving Program was modified to specifically include community health workers and provide them with resources, including fact sheets, to enable them to take the message into the community. I am pleased to inform the House that 460 community health workers took part in an evaluation of the program in 34 workshops conducted throughout regional New South Wales, from Tweed heads to Broken Hill and Mount Druitt. Community health workers met with over 13,000 parents in a two-week period, which gave them a very valuable opportunity to pass on important information to parents and carers. But, perhaps more importantly, because of this program a whole range of educational material has been developed, including a CD-ROM, brochures, posters and fact sheets for parents and carers. I will make the fact sheets from the resource package available to honourable members.

Honourable members who represent regional electorates should be aware that the survey revealed that 75 per cent of residents had fences around their houses which could prevent a toddler from wandering into a dam, but only half of those fences had a self-closing or self-latching gate. As a result, the program focused on providing links to Farmsafe Australia's safe play area information, which outlines how parents and carers may prevent children from wandering into a dam. Those resources will be translated into various languages.

FEDERAL GOVERNMENT ROADS FUNDING

Mr RICHARD TORBAY: My question without notice is addressed to the Minister for Roads. Will he provide any response to the impact of roads funding in last night's Federal budget, particularly for New England and north-western New South Wales?

Mr CARL SCULLY: The Federal budget's allocations for roads funding are mixed. There is some good news and there is some worrisome news. I give credit where it is due and note that \$695 million will be

allocated to New South Wales across all areas of funding for both local and State roads. The allocation to the National Highway is \$352 million, which represents an increase of 11 per cent from last year's allocation. I acknowledge and welcome that. But the worrisome part is that—as I have been telling the Deputy Prime Minister and Minister for Transport and Regional Services, John Anderson, for some time—the amount allocated for maintenance of the National Highway is insufficient.

The New South Wales Government has asked the Commonwealth Government for \$150 million each year for National Highway maintenance, but the Federal Government has allocated only \$105 million. John Anderson has been the Minister responsible for this portfolio for approximately six years, and I have told him that if he persists in underfunding, the fabric of the National Highway network will collapse. The New South Wales Government believes that there is a backlog of \$250 million in roads funding for the National Highway, and we will keep pushing the case. But I welcome the additional money that has been allocated this year for the National Highway. In a sense there is the promise, through AusLink, of more money in the future, but we wait with bated breath. I would welcome that; I look forward to it.

Mr SPEAKER: Order! The Leader of the Opposition will cease interjecting.

Mr CARL SCULLY: The Deputy Prime Minister and Minister for Transport and Regional Services, John Anderson, has indicated that more funds will be allocated for the Pacific Highway. I have indicated to him that I am disappointed that we are unable to renew the Pacific Highway contract, which runs out in June 2006. We need to renew that contract. We need more money. John Anderson has put in money for roads of national importance [RONIs]. This is bizarre; we get a wonderful promise of large funds on strategic networks right across the country, but no detail, and I look forward to getting that. However, for a road of national importance we get \$3 million—for the Mudgee to Orange link. Just ask the locals how to get to the Macquarie River to cross that link that is to cost \$3 million. And the Federal Government wants the New South Wales Government to build \$40 million worth of approaches so the bridge can be built over the Macquarie River.

I hope that when AusLink comes out, and I can reach across the divide to my colleagues opposite, it does not try the trick it tried in the past when it determined all roads of importance to The Nationals. I call them roads of National Party importance [RONPIs], not RONIs. The Federal Government announces all roads of importance across the country and then says it will not allocate \$500 million. That is what it did with the M2 and F3, and where was the honourable member for Murrumbidgee then? That was a great project, costing \$2 billion with a \$1 billion shortfall which the State Government was left to fund. There was no money for the Princes Highway in the Federal budget, not a cent. I think Opposition members want to know more about the Federal budget allocation for the New England region. Devils Pinch gets a bit of money—about \$15 million.

Mr SPEAKER: Order! Opposition members will come to order.

Mr CARL SCULLY: About \$5 million has been allocated for north of Armidale, so I give the Federal Government credit for doing a bit more on the New England Highway. The big disappointment was the F3 link to Branxton, which the honourable member for Lismore should regard as very important. It has been allocated \$4 million.

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

Mr CARL SCULLY: An amount of \$35 million is needed to start property acquisition for that link. I told John Anderson we have to get on with that project. My overall perception of the Federal budget on roads funding is that we are worried about National Highway funding, about the Federal Government allocating AusLink—

Mr Andrew Constance: Worry about the State highway.

Mr CARL SCULLY: The honourable member for Bega should join with me to try to get the Federal Government to commit funding for the Princes Highway. Members opposite should be concerned about what comes out in the AusLink funding. I think we will be duded. Local communities could have done much better out of that funding.

ELECTRICITY SUPPLY INDUSTRY APPRENTICESHIPS

Mr NEVILLE NEWELL: My question without notice is directed to the Minister for Energy and Utilities. What is the latest information on apprenticeships in the electricity supply industry?

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

Mr FRANK SARTOR: I thank the honourable member for Tweed for his interest in initiatives in the electricity industry in country areas. There is a lot of good news for apprentices in the New South Wales electricity supply industry.

Mr Brad Hazzard: Like workers comp!

Mr FRANK SARTOR: The honourable member for Wakehurst should listen occasionally. He would learn something. This year alone 210 apprentices started work with electricity businesses. Integral Energy has employed 40 apprentices this year, including 12 mature-age apprentices. Energy Australia has employed 105 apprentices this year and 265 over the past five years.

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

Mr FRANK SARTOR: This year Country Energy employed 60 new apprentices including three female apprentices; that is 11 more apprentices than it had anticipated, but the quality of applicants encouraged it to expand its intake. It is obvious that members opposite do not take employment in country areas very seriously. Australian Inland has employed five apprentices. Country Energy has employed a total of 283 apprentices since 2000. Those apprentices have taken up the positions for many reasons, but one reason that Country Energy hears time and again is the opportunity for people to live and work in their rural communities. These are jobs for rural and regional Australians. Members opposite do not care about jobs in rural and regional areas. They are rabble senior and junior, all rabble.

Mr SPEAKER: Order! There is far too much audible conversation in the Chamber. I call the honourable member for Baulkham Hills to order.

Mr FRANK SARTOR: I will give a couple of examples of apprenticeships in rural areas. Peter Model, a former communications technician and an apprentice line worker from Armidale, took up an apprenticeship at the age of 39 because it offered him the opportunity to work in his local area with a reputable organisation. Earlier this year I was in Wagga Wagga and had the opportunity to meet one of Country Energy's new apprentices, Creedan Smith, a 21-year-old apprentice line worker who was employed under Country Energy's Indigenous Employment Program. She applied for a traditionally male role, and wanted not only to improve her career prospects but also to stay in Wagga Wagga near her family. Good luck to her.

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

Mr FRANK SARTOR: Our energy utilities, our distributors, propose to spend \$4.3 billion in the next five years. Country Energy's forecast capital expenditure over the period is approximately \$1.1 billion. This will bring benefits to New South Wales and, of course, will result in employment of apprentices, our young people. These benefits will occur in northern, western and eastern New South Wales, as we upgrade our systems, feeders, lines and substations. But does the Opposition care? No, members opposite are screaming and bellowing. I would have thought they would listen to this, as the Government rolls out more jobs and more investment in country New South Wales.

Questions without notice concluded.

CONSIDERATION OF URGENT MOTIONS

Tourism Industry

Mr PAUL PEARCE (Coogee) [3.26 p.m.]: My matter is urgent because tourism is now a major generator of employment within New South Wales. It is estimated that one in 10 employees in New South Wales are employed directly or indirectly in tourism-related activity. Tourism also injects significant revenue into the New South Wales economy in both the cities and the regions. This matter is urgent because the Federal Minister for Tourism, Joe Hockey, is threatening New South Wales with a reduction in promotional funding. This matter is urgent because the current Federal Government, despite running a massive budget surplus of \$2.4 billion, has failed, yet again, to allocate any funding towards the continued capital upgrade of Campbell Parade, Bondi, despite the significance of Bondi to the national tourism effort.

State Taxes

Mr JOHN BROGDEN (Pittwater—Leader of the Opposition) [3.28 p.m.]: My motion is urgent because the contrast today could not be more specific. In Australia today the only government increasing taxes is the Carr Labor Government in New South Wales. All we have to do is look to the Federal Government to see

a government that is responsibly managing its budget, and providing tax cuts to families. And what are those tax cuts? They include a tax cut of \$600 for every family, and because of the generosity of the Federal Government that first payment will be made before the end of this financial year. Indeed, families will receive some \$1,200 from the Federal Government to assist them with the difficulties and complexities of running a household and raising children.

The New South Wales Coalition congratulates the Federal Government on that tax cut. Also, to its credit, the Federal Government will introduce a new maternity payment from 1 July. It will be paid as a lump sum of \$3,000 for each newborn child. The Commonwealth Government recognises that when a family has a child it will incur significant additional expenses. It also does not ignore the fact that at least one, if not two, family members will be off work for some period. This is an excellent initiative. The most significant of all the Commonwealth Government's decisions in the budget last night was its decision to deal with bracket creep on income tax. The Commonwealth Government—the Liberal Party and The Nationals—believes that people should be encouraged to work hard but that they should not be taxed too hard, so there will be changes to the 42 per cent and 47 per cent threshold over a two-year period.

In contrast, the New South Wales Government is slugging families with increased property taxes. We had the spectacle only today of the Premier not being able to read Commonwealth budget papers. The clear statement that is made on page 13 of those budget papers is that GST revenue will increase by \$1.6 billion over the coming financial year for all States. The individual benefit to New South Wales will be an additional \$113 million over a four-year period. The GST windfall to New South Wales will be over \$1.1 billion. It is some hours since that announcement was made, but the Premier has not yet allocated expenditure or, more particularly, abolished his property tax increases. He rushed off after question time to avoid having to listen to the Hon. Frank Sartor answer a question without notice. I do not blame him for that.

This afternoon the Premier is receiving a delegation of bishops on behalf of certain church-run charities that believe the 2.25 per cent tax increase will penalise them. The Premier, who has even taken on the churches, will realise that regardless of whether charitable organisations or mum and dad investors are involved, this 2.5 per cent tax slug and the changes to the land tax scale are unfair and inequitable. This Government is taxing people for doing nothing other than working hard and building up wealth for their future. The contrast between the Federal and State governments could not be clearer and this motion could not be more urgent. The Federal budget that was delivered last night by the Liberal-Nationals Coalition demonstrates our broad philosophical commitment to cutting tax versus the policies of this Labor Government. After nine years of record revenue and yearly bonanzas—

[Interruption]

Members of the Labor Party said, "What about the GST?" The Labor Government has benefited from nine years of GST windfalls. What a stark contrast between the Federal and State governments. The Federal Liberal-Nationals Government cuts taxes and this State Labor Government increases taxes. The Federal Liberal-Nationals Government supports families and makes it easier for them to balance their budgets, to move forward and to increase their families, but this State Labor Government wants to slug mum and dad investors for working hard. *[Time expired.]*

Question—That the motion for urgent consideration of the honourable member for Coogee be proceeded with—put.

The House divided.

Ayes, 47

Mr Amery	Mr Greene	Mrs Paluzzano
Ms Andrews	Ms Hay	Mr Pearce
Mr Bartlett	Mr Hunter	Mr Price
Ms Beamer	Ms Judge	Dr Refshauge
Mr Black	Ms Keneally	Mr Sartor
Mr Brown	Mr Knowles	Mr Scully
Ms Burney	Mr Lynch	Mr Shearan
Mr Campbell	Mr McBride	Mr Stewart
Mr Collier	Mr McLeay	Mr Tripodi
Mr Corrigan	Ms Meagher	Mr Watkins
Mr Crittenden	Ms Megarritty	Mr West
Ms D'Amore	Mr Mills	Mr Whan
Mr Debus	Mr Morris	Mr Yeadon
Ms Gadiel	Mr Newell	<i>Tellers,</i>
Mr Gaudry	Ms Nori	Mr Ashton
Mr Gibson	Mr Orkopoulos	Mr Martin

Noes, 33

Mr Aplin	Mrs Hopwood	Ms Seaton
Mr Armstrong	Mr Humpherson	Mr Slack-Smith
Mr Barr	Mr Kerr	Mr Stoner
Ms Berejikian	Mr McGrane	Mr Tink
Mr Brogden	Mr Merton	Mr Torbay
Mr Cansdell	Ms Moore	Mr J. H. Turner
Mr Constance	Mr O'Farrell	Mr R.W. Turner
Mr Debnam	Mr Page	
Mr Draper	Mr Piccoli	
Mrs Hancock	Mr Pringle	<i>Tellers,</i>
Mr Hazzard	Mr Richardson	Mr George
Ms Hodgkinson	Mr Roberts	Mr Maguire

Pairs

Ms Allan	Mr Hartcher
Mr Iemma	Mrs Skinner
Ms Saliba	Mr Souris

Question resolved in the affirmative.

TOURISM INDUSTRY**Urgent Motion**

Mr PAUL PEARCE (Coogee) [3.41 p.m.]: I move:

That this House:

- (1) urges the Federal Government to ensure New South Wales is properly promoted as part of the upcoming national tourism campaign;
- (2) notes the tourism industry injects \$23 billion into the New South Wales economy, and employs one in 10 people;
- (3) notes an \$8 million contribution by the State Government and Waverley Council to improving facilities at Bondi and Campbell Parade and;
- (4) calls on the Federal Government to match the \$8 million contribution, given its \$2.4 billion surplus.

In what was arguably one of the more irresponsible outbursts by a Federal Minister for some time, on 29 April the Minister for Small Business and Tourism, Mr Joe Hockey, threatened to cut New South Wales's share of the promotional funding for tourism marketing. When asked how the Federal Government would punish New South Wales, Mr Hockey is reported to have replied, "Watch this space." That macho response is hardly befitting a Federal Minister entrusted with an aspect of one of the most valuable industries in Australia. In New South Wales alone tourism is estimated to employ one in 10 workers, with more employed indirectly through flow-on business activity. In New South Wales tourism is estimated to inject approximately \$23 billion into the State's economy, of which some \$12 billion is injected in regional areas. That equates to significant inflow into the Federal taxation coffers, thus permitting the Federal Government to project the surplus of \$2.4 billion in the budget it delivered last night.

Later speakers in this debate will no doubt expand on the overall benefits and impacts of tourism on the New South Wales economy. Suffice to say these figures alone indicate that a more mature approach is required from the Federal Minister. Mr Hockey in his 29 April outburst was critical of the New South Wales Government's commitment to tourism in this State. Let us look at the facts—not something that Mr Hockey generally allows to get in the way of his giving someone a good spray. As recently as March this year the New South Wales Government, through the Minister for Tourism and Sport and Recreation, announced the next phase in a three-year \$60 million marketing program for Sydney and regional New South Wales. This program is designed to capitalise on and continue the momentum of the successful exposure of Sydney as a result of the Rugby World Cup. International arrivals figures reveal the success of marketing programs. However, in order to maintain momentum, programs must be flexible and strategic and take advantage of the opportunities that present themselves.

The campaign was scheduled to be rolled out progressively in domestic and international markets, with co-operative advertising with the Australian Tourism Commission and other overseas partners. This forward-looking and co-operative approach by the New South Wales Government follows on the heels of the significant future planning strategy envisaged in the document entitled "Towards 2020". This strategy document forecasts strong growth for the industry. Amongst other projections, it is estimated that by 2020 New South Wales could expect up to 43 million visitors per year. This figure is significant when we consider that it is a 52 per cent increase on 2000, when the Olympic Games were held in Sydney. The same study estimates that by 2020 one in three people in the Sydney central district may be a visitor. It also estimates that regional visitation will grow from 19.7 million visitors in 2001 to about 28 million visitors in 2020.

It should be noted in the context of Mr Hockey's April outburst that the Carr Government was the first government in Australia to establish a master plan for tourism. This hardly sits comfortably with Mr Hockey's irrational claim that the Premier "hates tourism and the jobs it provides". He somehow links the Premier's supposed "philosophical" hatred of tourism with the Carr Government's great record of proclaiming national parks. Perhaps Mr Hockey is unaware that the extensive system of national parks in New South Wales, apart from providing significant environmental benefits to current and future generations, is a significant destination for tourists—both domestic and overseas—and is important to regional economies.

Let us examine Mr Hockey's track record and see whether he stands up to scrutiny as a Minister who has a clear vision and who takes a strategic approach to this most important industry. The Australian Tourism Commission, for which Mr Hockey has ministerial responsibility, is launching a campaign to rebrand Australia. Campaign images will include snapshots of our beaches, amongst other icons, and undoubtedly our most famous beach, Bondi, will be depicted. As honourable members will be aware, Bondi frequently features in promotional advertising for Australia. Bondi is one of the world's great beaches and is a recognised port of call for most international visitors to Australia. It has been said that if people want to experience a slice of Australia they should go to Bondi.

The importance of this icon has been recognised by both the local Waverley Council, which injects significant recurrent funding into maintaining the parks, the beach, the historic Bondi Pavilion and the famous cafe strip of Campbell Parade. In addition, the council has injected significant capital funds to respond to the needs of a changing pattern of use in Bondi and to improve facilities for tourists and locals alike. It should be borne in mind that metropolitan councils generally do not benefit directly from increased tourism. Indeed, in the short term significant unplanned increases in tourism can be a net cost to a local community. This applies particularly to unplanned massive increases in the lower-end segment of the tourism industry. For example, Waverley Council is currently in receipt of an application for a massive development at Jacques Avenue, Bondi, involving the construction of a huge 360-bed backpackers hostel. That scale of development is totally inappropriate and, by its nature, will transfer significant social infrastructure costs from the developer to the council. It is also the sort of unsympathetic, greedy development that causes local resentment towards aspects of the tourism industry.

Yet in spite of the short-term to medium-term net costs to the local community, Waverley Council recognises the broader social benefits to the Australian economy of properly managed tourism and so is prepared to outlay the necessary funds in order to achieve a number of upgrades. In this policy the council has been ably supported by the New South Wales Government. When Waverley Council decided on a comprehensive upgrade plan for Campbell Parade, developed in conjunction with our residential and business communities, we naturally approached the State Government for assistance. Although we were unsuccessful in obtaining the commitment of funds from the previous Liberal-National Government, we were successful in obtaining a financial commitment from the then leader of the Opposition, now the Premier. He stood by his commitment upon his election to government, and as a result the western side of Campbell Parade was upgraded, incorporating locally themed artworks.

In addition, Kim Yeadon, as Minister for Lands, signed off on the plan of management for Bondi Park and the heritage plan of management for the Bondi Pavilion, which had stalled for several years under the Coalition. Financial assistance was also forthcoming from the State Government for upgrades and extensions to the wonderful coastal walk, with the most recent stage opened at Diamond Bay in February this year. Interestingly, an earlier stage of the upgrade of the coastal walk was funded by a tripartite funding arrangement that included the Federal Government, with the assistance of the Federal Member for Wentworth, Peter King, who, ironically, has been knocked off by the Liberal Party in the forthcoming election. In fairness to Peter, he has made consistent representations for Federal funding, including, as I understand it, representations to the Minister for Small Business and Tourism—albeit unsuccessfully. So the Minister does not only ignore the local council.

When talking about real dollars and real commitment let us compare the co-operative approach between State and local governments with the attitude of the Federal Government, which is more than happy to utilise Bondi and the beauty of the eastern beaches in promotional campaigns. Waverley Council has been consistently unsuccessful in obtaining capital funding from the Federal Government for the further upgrade of Campbell Parade. The range of excuses has been breathtaking. For example, comments from Federal members to the effect that Campbell Parade is a State road and the Federal Government does not assist with State roads have been the norm.

One former Federal member for Wentworth—who, at the time, was Federal Minister for Tourism, ironically—advised the council that there were no Federal programs under which the upgrade would fit; that is, no Federal money would be available. Talk about a lack of imagination! The current Federal member for Wentworth has been similarly unsuccessful in gaining any recognition of the Commonwealth's responsibilities in this area. Not once has Waverley Council obtained anything other than hot air from Mr Hockey, yet he has the temerity to attack the commitment of the New South Wales Government to tourism. I challenge the Federal Government to utilise some of its massive surplus—in part generated from the taxation revenue flowing in and from the tourism industry—to meet the amount spent by the New South Wales Government and Waverley Council on Campbell Parade to allow the upgrade of the eastern side of the great boulevard to be completed. Mr Hockey, put up or shut up. I commend the motion to the House.

Mr IAN ARMSTRONG (Lachlan) [3.51 p.m.]: I lead for the Opposition on this urgent motion, which states:

That this House:

- (1) urges the Federal Government to ensure New South Wales is properly promoted as part of the upcoming national tourism campaign;
- (2) notes the tourism industry injects \$23 billion into the New South Wales economy, and employs one in 10 people ...

The honourable member for Coogee, who moved this motion, chose to attack the Federal Government and the Federal Minister for Small Business and Tourism. Despite the fact that the honourable member adhered to his written speech 100 per cent, he did not make his point. I will put things into perspective. The honourable member referred to backpackers and objected to a proposed backpacker hostel in Bondi. The average backpacker stays for 68 nights and spends something like \$5,300 in Australia. Backpackers are an important part of our work force. They enthusiastically work in horticulture industries and make a major contribution with seasonable employment, for example, picking fruit and cutting asparagus. Approval has been given for a privately financed backpacker hostel in Harden, in southern New South Wales. The council has given it 100 per cent support. It will be tremendous for the region. Harden verges onto Young, the largest cherry growing area in Australia. J.D.'s Jam Factory, a major tourist destination that attracts more than 130,000 visitors a year, is located at Young. It has a restaurant that sells Devonshire teas.

Ms Kristina Keneally: How many backpackers are having Devonshire teas?

Mr IAN ARMSTRONG: I invite the honourable member to go there. The honourable member for Coogee did not say that the stormwater drain at the southern end of Bondi Beach has been a major problem for many years. The Government has refused to fund its upgrade and Sydney Water has refused to upgrade it. It is an embarrassment and it is dangerous. I have put this debate into perspective with respect to who said what regarding Bondi Beach. I am pleased that the honourable member also mentioned in passing national parks and tourism. We have a long way to go with ecotourism in relation to the location of caravan parks in association with national parks. We need to look at a number of portfolios to ensure better usage of sensible access to national parks through caravan parks adjacent to national parks in order to promote ecotourism. Ecotourism is popular worldwide.

Australia hopes to attract more visitors, particularly from Denmark. As a result of this weekend's wedding, Australia has had the best promotion it has had for years in Scandinavia. Denmark is one of our major buyers of wine. The bottom line is that tourists who visit during winter go north to the twenty-seventh parallel—into the Kimberley Ranges, Kakadu, the Great Barrier Reef—and not south. Ecotourism is one of the fastest growing tourist activities in the world today. One of the greatest business activities in tourism is caravanning, campervanning and travelling by mobile van—Winnebagoes, et cetera. Sadly, something like 80 per cent of them are registered and manufactured outside New South Wales, in Queensland and Victoria. The vast majority of vans owned in New South Wales were first registered in Queensland or Victoria because of the high cost of

stamp duty and registration in this State. We are losing out on productivity and on people's excitement as they buy their first caravan, campervan or mobile home. The Government has not recognised that it is losing employment, business opportunities and some of the excitement of tourism in this State.

The honourable member for Coogee mentioned that the New South Wales Government will provide \$60 million over three years, but he failed to mention that it has just knocked \$4 million out of the budget. It is an embarrassment that the Government does not support the Minister for Tourism and Sport and Recreation or tourism. How can the honourable member for Coogee have the gall to condemn the Federal Government when his Government is contracting our tourism budget? That is a furphy. The Federal budget was released yesterday afternoon and the surplus is \$2.4 billion. The sound business plan is that the real gross domestic product will increase by 3.5 per cent. Employment is forecast to grow by 1.75 per cent, inflation is forecast to be 2 per cent, with a current account deficit of 5 per cent of the gross domestic product. The 2004-05 Federal budget will secure the future for Australia's tourism industry by confirming the allocation of an additional \$235 million to fund key strategies and major program initiatives, bringing the total funding to more than \$600 million over four years.

An amount of \$120.6 million will be allocated for international marketing to attract new and return visitors. I hope that some of that funding will go into the important markets of London and Tokyo, where the New South Wales Government has decided to withdraw most of its representation in recent times. The United Kingdom is now the largest importer of our wines. Wine production is a great tourist attraction. We had a wonderful Japanese marriage-honeymoon industry in Australia, which has been effectively stolen by Honolulu in the past four years. I hope that some of this available Federal money may be able to attract the Japanese marriage industry, and increase tourism from the United Kingdom. An amount of \$45.5 million has been allocated to regional tourism marketing and \$24 million has been allocated for the Australian Tourism Development Program to help development tourism in cities and regions throughout Australia.

Other Australians are the major tourists in New South Wales. How can Tasmania, which is about half the size of Taiwan and about the same size as Kakadu, attract more than 700,000 tourists and outmanoeuvre New South Wales in domestic tourism? New South Wales is still the major gateway as far as international tourism is concerned, but Tasmania is skinning us in terms of domestic tourism. Further initiatives include \$21.5 million to improve and extend the quality and provision of research and statistics; \$4.6 million for tourism and conservation, facilitating the development of nature-based tourism attractions while protecting and conserving the environment—that is, ecotourism, which the Commonwealth has recognised and I call upon the State Government to recognise; and \$3.8 million to assist indigenous tourism business development management, business, planning and marketing skills.

Only last week, when at Condobolin, I went into the local tourist centre and asked whether it still had some of those wonderful silkscreen scarves that we used to buy there to use as official gifts and so forth when we were in government. They were made by the ladies of Condobolin and Lake Cargelligo. Unfortunately, the ladies have stopped making those scarves. We gave those superb scarves to dignitaries throughout Asia and America. Those are the sorts of industries in which the indigenous people do so well, and it gives them so much happiness and satisfaction. I would like to think that those sorts of industries could be encouraged, developed and supported once again. Another key tourism initiative was \$2 million to develop a voluntary national tourism accreditation framework. Under the Roads to Recovery Program, \$1.2 billion will be provided over four years. Of course, the majority of tourists travel by road. If we improve our roads, courtesy of the Commonwealth, that can only help tourism.

I call upon the State Government to look into signposting not only in cities but also in country areas. I know there is a conflict with the Roads and Traffic Authority. That conflict simply has to be resolved. I call upon the Premier to intervene so that New South Wales will have adequate and practical signage for facilities signage, to help visitors to find their way round those tourist facilities in New South Wales, and to encourage people to come to New South Wales without fear of getting lost. We cannot have the Roads and Traffic Authority effectively working against tourism. I draw attention to regional tourism initiatives such as the Norfolk Island Kingston Pier and the rebate in the wine equalisation tax, announced yesterday. The wine industry—especially in the Hunter Valley, Cowra, Orange and Mudgee—is one of the fastest-growing industries and tourist attractions in New South Wales. I thank the House for giving me the opportunity to speak on this most important matter. [*Time expired.*]

Ms SANDRA NORI (Port Jackson—Minister for Tourism and Sport and Recreation, and Minister for Women) [4.01 p.m.]: I thank the shadow Minister for his contribution to the debate. I commend the honourable

member for Coogee for raising this important issue, not only to his electorate but well beyond. While the Federal Minister for Tourism and I have had our moments, generally we work co-operatively because there is probably no other portfolio on which the State and the Commonwealth have to work together commercially and strategically, putting in dollar for dollar. I will correct a couple of statements made by the shadow Minister. He made reference to a \$4 million cut in the tourism budget. He is wrong.

Mr Ian Armstrong: Was it more?

Ms SANDRA NORI: It is not \$4 million. The Treasurer announced a \$3 million cut. But what the shadow Minister has not taken into account, and what the Treasurer's announcement did not say, is that there had been a \$2 million enhancement some six or eight weeks earlier. That \$2 million enabled the purchase of infrastructure that will serve the needs of Tourism NSW and this State for a minimum of 5 to 7 years, but some in the industry say 20 years. So, in a sense, that money was used in advance to prepare New South Wales. There will not need to be future expenditures of that sort because we have produced the television commercial, the new brand, the new collateral and so on, and that will last for a considerable period of time.

The trend in tourism budget funding has been towards enhancements when the market requires us to take on additional or different campaigns. The first one followed the Asian collapse in about 1997, when we switched out of Asia, got some extra dollars, and started pumping money into the United States of America and Europe. It was the same in relation to SARS. Following September 11 there was a \$15 million enhancement, millions of dollars went in after the bushfires, as was the case with the special drought campaign. As the market moves and as circumstances change, we adapt accordingly. But the trend has been towards enhancements when the circumstances require that.

I correct the shadow Minister on another matter. The NSW Tourism office in Tokyo is not closing. The office in London was agreed between New South Wales, Minister Hockey and the Australian Tourism Commission. He requested, with the release of the white paper, that New South Wales consider going in with them. All of the other States were going to go in, so it would all be under the one roof, as a one-stop shop. We leveraged off that and saved costs. So let us be clear about that. I get really angry with the Federal Government—not with the Minister for Tourism, because it is not his portfolio—and its whole idea of wrecking the budget of New South Wales. Yes, it does go back to the \$376 million, because when \$376 is ripped from the New South Wales budget the Government has no choice but to make cuts in non front-line areas to pour its available resources into health, education and so on.

However, the great tragedy of that short-sightedness on the part of the Federal Government, forcing New South Wales into the position that it did, means the Federal Government fails to recognise the market leader status of Sydney as a drawcard not just for this State but for the whole of Australia and its economy. Sadly, failure to recognise the market leader and lead product stifles the growth of the industry nationally. It stifles the opportunity of smaller States, with lesser known icons, to get into our slipstream. There would not be one private sector organisation that had several divisions, one of which was market leader and able to provide a flow of business through to the other divisions, that would starve that market leader division of the funds it needed to grow both itself and the economies and sales of the other divisions. This Commonwealth measure is entirely antithetical, in my view, to the very basis and rationale of horizontal fiscal equalisation, which was meant to help grow the economies of the so-called disadvantaged States.

When it comes to tourism internationally, six things in this country matter: the reef and the rock—put there by God; and the Opera House, Sydney Harbour, the Sydney Harbour Bridge, the Olympic Games and the Rugby World Cup—all initiatives of Labor governments and paid for by the taxpayers of New South Wales. This State punches above its weight. It already puts money into the tourism economy in a way that no other State could. I do not blame them; they do not have the icons. New South Wales has all sorts of programs, including the installation of new sewerage and stormwater infrastructure that leads to a clean harbour, that are paid for by the taxpayers of New South Wales and indirectly improve our tourism product. Bondi is an icon. The Federal Government ought not be starving New South Wales of funds if this State can support the development of this icon. [*Time expired.*]

Mr STEVE CANSDELL (Clarence) [4.06 p.m.]: The support of so-called Country Labor for this motion speaks volumes about where the funding priorities and focus of the Carr Labor Government really lie. That focus is not on rural and regional New South Wales, where the true tourism attractions are located—the real Australia, the Waltzing Matilda Australia—but on a betrayal of rural and regional New South Wales. Labor members have thrown their support behind a multi-million dollar upgrade of what is accepted as one of

Sydney's premier shopping and restaurant strips, the Bondi Beach boulevard. How typical of the Sydney-centric Labor Government that it hurls its support behind a \$16 million upgrade of the Bondi Beach boulevard.

What about supporting some tourism initiatives in rural and regional Australia? What about the historic Glenreagh railway project, just out of Grafton, where the local community has got together and restored a 1910 steam train? They have put a kilometre of track together, have restored the sheds, and are restoring old sleeper carriages. They have applied for further funding to make it commercially viable to get tourists to the area by upgrading 10 kilometres of rail that they have been given by the Government. Tourism plays a key role in the growth of our economy through employment, foreign exchange earnings, investment and regional development. The tourism industry contributes more than \$23 billion to the New South Wales economy each year and provides employment, both directly and indirectly, for more than 300,000 in this State. In New South Wales, 180,000 jobs are provided as a result of direct employment in hotels and airlines, and by tourist shopping. Tourist spending provides a further 121,900 jobs in areas such as the food and beverage industries, fuel retailing, and in a wide range of cultural and entertainment services.

Increasing tourism can deliver substantial economic, employment and social benefits for rural and regional communities and businesses. The locking up of our State forests and national parks resulted in many timber industry jobs being lost to the North Coast. Therefore, we now need, and would expect, an injection of State Government funding into potential tourism opportunities. We have not seen that yet. We are still waiting. Regional communities stand to benefit from the development of tourism opportunities as a result not only of increased spending patterns but also the flow-on effects from development of transport, communication and other tourism-related facilities.

The tourism industry is critical to the New South Wales economy, yet under Labor it has been taken for granted. Opportunities have been left begging. Forward thinking and a proactive approach have been left by the wayside. Labor has chosen to rest on its laurels. The Carr Labor Government has failed to decentralise tourism in New South Wales. Only 37 per cent of the State's tourism jobs are located outside Sydney, compared to 65 per cent in Queensland—which has Peter Beattie, fewer taxes, more growth and 16,000 jobs poached from New South Wales, as at last September—61 per cent in Tasmania and 55 per cent in the Northern Territory. Because they have recognised the potential returns of their natural wonders, all of those States and Territories have successfully achieved a far greater level of decentralisation than New South Wales. Unlike the New South Wales Government, they have not ignored their potential resources. Tourism can provide an opportunity to expand the economic base of a rural region; it can bring new skills and employment opportunities to the community.

Visitors to our rural regions bring additional income direct to those areas. That expenditure further stimulates economic activity through economic multipliers and injects money into the local economies. For country communities facing a decline in the traditional industries, in many cases as a result of New South Wales Labor's anti-country policies, can capitalise on tourism opportunities as an alternative economic activity. The Clarence electorate has the most beautiful river network in Australia—the Nymboida, the Boyd, the Mann and the Ulmarra—flowing through beautiful rock crags, cliffs, pristine waterways and rainforest. The Government should take advantage of it. [*Time expired.*]

Ms KRISTINA KENEALLY (Heffron) [4.11 p.m.]: The Minister for Tourism and Sport and Recreation noted the Federal Government's failure to acknowledge that New South Wales is the market leader for tourism in Australia. I will highlight some of the facts that support the importance of tourism to New South Wales, but first I will correct a comment made by the honourable member for Clarence. Two weeks ago the Minister for Tourism and Sport and Recreation unveiled a new tourism campaign for Sydney: There is no place in the world like Sydney. Shortly, she will unveil a campaign for regional New South Wales. It has been done that way because it is important to get the market leader out there first. That is something the Federal Government fails to understand.

Let us consider the importance of tourism to New South Wales. Tourism is worth \$23.8 billion a year to this State. It pumps \$45,000 a minute into the New South Wales economy. In the year ended June 2002 tourism supported 327,000 jobs, which represents 10 per cent of all persons employed in this State. Every \$1 million of tourist demand for goods and services in the agriculture, forestry and fishing industries creates 15 full-time equivalent jobs. Every \$1 million of tourist demand for goods and services in the retail trades creates 21 full-time equivalent jobs. Every \$1 million of tourist demand for goods and services in the accommodation, cafe and restaurant trades creates 14 full-time equivalent jobs. Every \$1 million of tourist expenditure supports approximately 7.7 full-time or part-time tourism jobs. An estimated 2.1 million Australians visited an Olympic event in New South Wales during September 2000 and 225,000 international visitors arrived at Sydney airport, an increase of 26 per cent on 1999.

Mr Ian Armstrong: Point of order: It was a Liberal-National Government that won the Olympics for Sydney.

Mr ACTING-SPEAKER (Mr John Mills): Order! That is a debating point, not a point of order. The honourable member for Heffron has the call.

Ms KRISTINA KENEALLY: The honourable member for Lachlan makes a point, but it was the Carr Labor Government that delivered what have been internationally recognised as the best Olympics ever.

Mr Paul Pearce: With the trade union movement.

Ms KRISTINA KENEALLY: Yes, with the trade union movement, as the honourable member for Coogee has acknowledged. It was estimated that the Olympic Games would attract an additional 1.6 million international tourists to Australia—1.1 million to New South Wales—and generate an extra \$6.1 billion in tourist export earnings between 1997 and 2004. That was achievable only because they were the best Olympic Games ever—brought to you by a Labor Government. Sydney airport is within the electorate of Heffron. It is a recognised world-class airport and has won numerous awards in the past four or five years. It is the largest piece of contiguously owned commercial real estate in Sydney. It services twice as many passengers per day as Circular Quay.

Sydney airport has the commercial building floor space of 10 central business district skyscrapers and twice as many parking spaces as the biggest shopping centre in New South Wales. Duty-free shopping records—these are some of my favourite statistics—reveal that 24,000 bottles of liquor, 5,000 bottles of Australian wine and 10,000 bottles of fragrance are sold per week at the Sydney International Airport. Sydney airport provides 170,000 full and part-time jobs, which is about 8 per cent of the Sydney labour force. These are good-quality jobs. The average wage for airport workers is about 40 per cent higher than the New South Wales average. The airport generates about \$24.9 billion in gross output and contributes around \$6 billion to household incomes, which constitutes 6 per cent of the New South Wales economy.

If ever there were a market leader, Sydney airport is it. Let us not underestimate the significance of Sydney airport to the New South Wales economy. It produces revenue equivalent to 2.7 Olympic Games in New South Wales every year. But does the Federal Government care that New South Wales is contributing so greatly to tourism in Australia? No, it does not. The Federal Minister, Joe Hockey, has resorted to threats and bullying tactics, suggesting that New South Wales will not be promoted properly. The Federal Government has a \$2.4 billion surplus riding on the back of \$967 million straight from the pockets of New South Wales taxpayers. I call on the Federal Government to contribute— [*Time expired.*]

Mr PAUL PEARCE (Coogee) [4.16 p.m.], in reply: I thank honourable members for an interesting and active debate. It appears that the honourable member for Lachlan has not been down to Bondi for a while. Some 15 years ago the stormwater drain at the south end of Bondi was put in a boxed culvert. The Department of Public Works, with Waverley Council, funded the project.

Mr Thomas George: What government was that?

Mr PAUL PEARCE: Being some 15 years ago, the project was probably initiated at the tail end of the Unsworth Government as a matter of fact. Hogan's hole, which was a pool of water in the middle of the beach, was finally resolved by both the boxed culvert and the—

Mr Ian Armstrong: The Greiner-Murray Government.

Mr PAUL PEARCE: It was funded by the Greiner-Murray Government eventually, yes. It was initiated by a Liberal council, Waverley Council, so everyone has been working on it. Hogan's hole was finally sorted out by the installation of a gross pollution trap, which was funded, and is maintained, by Sydney Water. Reference was made to backpackers, but if the honourable member had listened to what I said he would have understood that I was criticising a particular uncontrolled backpacker development rather than normal, rational backpacker developments, which, as we are aware, are common in, and beneficial to, rural areas. It was interesting to note that the honourable member for Vacluse did not contribute to the motion. Members may or may not be aware that Bondi is in the electorate of Vacluse, not the electorate of Coogee. Obviously, I have a long and strong connection to Bondi.

The Minister demonstrated the Government's strategic thinking on tourism marketing by allocating funds to ensure the biggest bang for the buck. She clearly identified to the House the impact of Federal cuts to this State. Interestingly, the honourable member for Clarence acknowledged the importance of tourism to New South Wales. He cited many of the figures that the honourable member for Heffron and I referred to. In my view, his contribution to the debate reinforced the arguments we advanced and emphasised the foolishness of the attitude adopted by the Federal Minister in relation to this matter. The honourable member for Clarence enumerated all the reasons for strategic tourism marketing.

Rather than indulging in petty sniping, the Federal Government would be well advised to continue to work co-operatively with the New South Wales Government to achieve what is envisaged by the "2020 Vision" that the Minister commissioned. My colleague the honourable member for Heffron outlined in detail the significance of tourism to Sydney and to the broader State economy. She indicated clearly the success of events such as the Olympics. Everyone acknowledges that it was John Fahey and Bruce Baird who leapt in the air; nobody denies that because it is a matter of history. But it is also a matter of history that it took the Carr Government, working with the trade union movement, to deliver what everyone has conceded were the best Olympics of all time.

Ms Alison Megarrity: Fully paid for.

Mr PAUL PEARCE: The Sydney Olympics were fully paid for by the State and organised through the public sector to achieve a tremendous result. We must acknowledge both the value of tourism to our community and the need to adopt a strategic planning approach to tourism to maximise the benefits and minimise the detriments to our community. We all know from our local communities that unplanned tourism and unpredicted consequences can generate aggravation that may be detrimental in the short term. The mega backpacker establishment that is proposed for Bondi is an example of poor planning and greed overriding strategic planning. I am hopeful that the Waverley Council will respond appropriately to that application. Tourism is important and it should be planned. It does not need Ministers becoming macho and hairy chested and threatening to withdraw funding from New South Wales. That is nonsense. I call on honourable members to support the motion.

Motion agreed to.

WORKCOVER IN REGIONAL NEW SOUTH WALES

Matter of Public Importance

Mr PETER DRAPER (Tamworth) [4.22 p.m.]: Today I draw to the attention of the House how WorkCover seems to be crippling the transport and building industries not only in the electorate of Tamworth but across rural and regional New South Wales. In recent weeks I have been approached by transport operators, predominantly in the trucking industry, who are finding that the ability of their businesses to compete with those based north of the border is being severely restricted by disparities in operational costs, the most obvious of which appears to be workers compensation premiums.

It is no secret that because of Queensland Government subsidies, the cost of fuel in Queensland is considerably cheaper than it is in New South Wales, often by as much as 20c per litre. Queensland road transport operators also make considerable savings through lower vehicle registration and insurance fees. To give an example, one Tamworth transport business operator pays \$2,249 for a vehicle green slip compared to \$1,200 for the Queensland equivalent. He also pays \$4,332 to register a truck while his competitors in Queensland pay \$3,783 to register the same type of vehicle. When those two categories are combined, there is a difference in charges between the States of about \$1,600. However, over and above those issues is the differing rate of workers compensation premiums in the transport industry. New South Wales premiums are practically double those in Queensland.

Figures sourced from WorkCover Queensland indicate the premium insurance rate for road freight transport operators stands at 3.586 per cent. WorkCover New South Wales has three categories for road freight transport and the rates vary from 8.86 per cent to 9.46 per cent. It is glaringly obvious that the playing field for operators in the business of moving freight across New South Wales and their competitors in Queensland is far from level. With some operators basing themselves just north of the border to take advantage of the lower costs but still being able to service northern New South Wales, the disparities are affecting businesses in my electorate to the extent that they simply cannot compete. They are struggling to meet the costs, which are

increasing, and they face becoming unviable. That is the reason I draw this matter to the attention of the House as a matter of significant public importance.

The best way to illustrate the impact of workers compensation premiums on operators in my electorate is to look at how they translate into their business costs, but I will briefly touch on how the system currently works in New South Wales. Based on information sourced from WorkCover, the majority of employers in New South Wales are insured with a licensed insurer under the New South Wales WorkCover scheme. To calculate the insurance premium a business will pay, WorkCover uses a system called the WorkCover industry classification [WIC], under which each employer is allocated to one or more classes based on the information the employer provides to their insurer about the nature of the business. The WIC system contains 536 industry classes, with transport operators falling under one of three road freight transport categories, including bulk freight, long distance and short distance. For those categories the rates are respectively set at 8.86 per cent, 8.91 per cent and 9.46 per cent.

WorkCover New South Wales calculates those premiums by classifying employers as either category A or B employers. Category A employers are those whose basic tariff premium exceeds \$3,000 at the time the insurer first demands a premium. Employers in that category also have their premium adjusted to take into account their past claims experience. It is this so-called experience adjustment of an employer's premium that can potentially increase or decrease the premium payable, depending on the employer's claims history. In basic terms, the more claims an employer makes, the more expensive is the employer's premium. Conversely, absent any claims or claims at minimal cost, the premium theoretically should be reduced. Category B employers have a basic tariff premium under \$3,000 and do not have their premium experience adjusted.

For Shane Pendergast, the proprietor of a transport business in my electorate, that calculation-of-experience factor is proving to be a huge impost. That is because his insurance company calculates the experience factor based on the estimated cost of the claim at the time it is made. That is an important point to bear in mind. The initial experience premium is calculated at the beginning of the policy using the employer's wages and claims costs for two years prior to the year of cover. A hindsight-experience premium is then calculated at the end of the policy period. That experience factor increases the premium charged for the next three years. If there are no claims, the employer receives a refund. But even if the claim subsequently is proved to be less than the estimate, the employer still bears the cost of the increased premium. This situation becomes even harsher if, as in Mr Pendergast's case, an employee has suffered an injury while working for a previous employer. In this case it appears that both the previous employer and Mr Pendergast were charged experience-factor costs that were based on the cost of the claim. In the first year following the claim, the resulting premium increase for Mr Pendergast was \$99,000.

The premium is also affected when a claim is fraudulent, as in the case of Mr Pendergast, where one fraudulent claim, which WorkCover has not taken a great deal of action to investigate, resulted in an additional premium cost of \$41,000. Finally, Mr Pendergast also had to pay an additional \$5,000 per year premium, yet the insurance company recovered the cost of the subject car accident that was suffered by one of his employees from another insurance company. It appears that the process of calculating the experience factor is harsh for employers. The situation is exacerbated when more than one employer is involved, when there is other insurance cover or if the claim is fraudulent. Mr Pendergast has estimated that the combined effect of these circumstances in premium costs has resulted in an impost of more than \$130,000 on his business.

Mr Wayne Zell, who operates Dasha's Transport in Tamworth, also believes his business is being unfairly penalised by high premium rates. When Mr Zell opened his business in 1998, the workers compensation premium rate was 4.2 per cent. The premium in the 2002-03 financial year was \$37,700. The following year it jumped to \$62,990 with one claim. The estimation of wages for 2003-04 will set the premium for 2004-05 at a minimum of \$121,924 with two claims in place. That equates to a rate of 17.93 per cent, which is simply not affordable. Mr Zell informs me that the workers compensation premium in the transport industry for his clerical staff will also be 17.93 per cent, compared to the clerical rate in other industries of about 2 per cent. According to the Government, the New South Wales WorkCover compensation premium scheme is designed "to provide a direct economic incentive for employers to take appropriate measures to avoid workplace injury, to reduce the cost of claims and to promote return to work".

For small operators such as Mr Zell, the high increase in premium costs due to the negligence by employees and not the company could ultimately result in the business having to close. Dasha's Transport simply does not make the sort of money that is needed to cover such an increase. Sadly, Mr Zell's fears were realised by another company in my electorate, Reel Steel Reinforcing Pty Ltd. That business was forced to close

due to insurmountable worker compensation premium costs. The company's directors contacted my office after their premium increased from just over \$5,600 in June 2003 to more than \$114,500. The business had completed a large one-off contract for the year, with the increase in wages resulting in the basic tariff rising from \$29,000 to over \$107,000.

In addition, a claim estimated to cost in excess of \$93,000 impacted on the policy. As a result the hindsight premium for 2002-03 increased to \$167,450, with an adjustment premium payable of more than \$114,000. With the contract complete, the wages bill returned to the average yearly figure, but that massive increase forced him to close his regionally based business and a number of jobs in Tamworth were lost. It seems that under the current system, with business operators required to pay an estimated premium upfront, the businesses themselves are meeting the future costs of their claims. I submit that that means the operators are self-insured by meeting the cost of claims as they occur. I could hardly call that system fair, especially on smaller operators whose profit margins are limited to the size of the contracts they can secure and are already working in a highly competitive environment.

It would be far more reasonable for an employer to pay its share when and if the costs were incurred. I submit also that the cases I referred to today should be taken into account in WorkCover's review of the workers compensation premium formula, which is due for completion in four months. The regulation needs to be reviewed and action needs to be taken. It has become apparent to me that transport and building businesses in my electorate and beyond are facing the same predicament. They simply cannot compete against lower costs such as insurance, registration, lower fuel prices and significantly lower rates of workers compensation insurance premiums. The operators concerns are real. They are in danger of folding, and I call on the Minister for Industrial Relations to level the playing field.

Mr MATT BROWN (Kiama) [4.30 p.m.]: When the Government came to office, WorkCover's costs had far exceeded its premiums for several years. Members would be aware that the Government addressed the problems in the scheme with a comprehensive package of workers compensation reforms. The latest independent actuarial assessment of the scheme shows the Government's reforms have had a significant positive effect on the scheme. The actuary's December valuation shows a strengthening in the overall financial position of the workers compensation scheme and a further reduction in the deficit. On a 12-monthly basis, the deficit has fallen \$301 million. The scheme's funding ratio improved to 67.9 per cent, up from 65.5 per cent six months ago, and is on track to meet the actuary's prediction of being 83 per cent self-funded by June 2008. PricewaterhouseCoopers estimates that the 2001 legislative changes made by the Government have saved the scheme more than \$1.7 billion.

Of those savings, more than 90 per cent came from legal, dispute and related costs. Indeed, as a result of the reforms, the scheme is now in the position to undertake a program to further improve its performance. The recent review of the workers compensation system by McKinsey and Company is the next step in providing the framework for significant, durable changes that will make a real difference to injured workers and employers in New South Wales. The improvements will concentrate on a new approach to claims management and related activities, such as the introduction of specialist claims manager roles and funds managers to the scheme. The passage of the Workers Compensation Amendment (Insurance Reform) Act 2003 in November last year has put in place the framework for implementing the recommendations from the McKinsey report. Minister Della Bosca and all involved should be congratulated on that excellent legislation.

Well before that report, the Government had commenced a series of compliance measures in the Workers Compensation Legislation Amendment Act 2000. That package formed the basis of a tougher approach by WorkCover to ensuring that employers, workers and service providers met their workers compensation insurance obligations. The broader provision on fraud enables WorkCover to prosecute any person who commits an act of fraud against the WorkCover scheme. That provision includes a penalty of \$55,000, or two years imprisonment, or both. Penalties for premium evasion and other failures to comply with workers compensation insurance requirements were also significantly increased. Interest charges on avoided premiums were introduced and an on-the-spot fine for non-insurance was introduced.

A further range of measures to improve compliance was introduced under the Workers Compensation Amendment Act 2002. It included a broadened definition of wages and requirements for principal contractors to check that their subcontractors have the proper workers compensation insurance. To ensure that WorkCover and the workers compensation insurers are in the best possible position to identify and prosecute fraud and non-compliance, further improvements were introduced in February 2003. Those changes included a doubling of resources in the WorkCover Fraud Investigation Unit, the establishment of a dedicated Fraud Prosecution Unit

in WorkCover's legal branch, steps to increase the co-operation between government agencies, and assistance to insurers to develop more sophisticated detection systems within their organisations.

Mr Chris Hartcher: How many prosecutions have there been?

Mr MATT BROWN: WorkCover now employs 20 specialist full-time staff to investigate and prosecute fraud and non-compliant activity in the scheme. In addition, five other positions are involved in data mining. Between July 2002 and February 2003, only five prosecutions were commenced. Since the establishment of the Fraud Prosecution Unit in February 2003, 23 prosecutions were commenced to June 2003. That information might satisfy the query of the honourable member for Gosford.

The benefit of the changes is clearly shown in the fact that an additional 27 matters were successfully completed from 1 July 2003 to 20 March 2004. WorkCover has arranged an ongoing fraud investigation training program for insurers. In 2002-03 WorkCover received 261 reports of potentially fraudulent activity. Each of those reports has been investigated by WorkCover and appropriate action taken. Most referrals of suspected fraud are made by insurers or employers and, perhaps not surprisingly, therefore most referrals involve claimant fraud. I point out that the former Commonwealth Minister for Employment and Workplace Relations, Tony Abbott, requested that the House of Representatives Standing Committee on Employment and Workplace Relations inquire into Australian workers compensation schemes in respect of the incidence and costs of fraudulent claims and fraudulent conduct by employees and employers, and the structural factors that may encourage such behaviour.

The committee received extensive submissions from employers and employees and held hearings throughout Australia, including in this great State. The committee chairman, Mrs De Anne Kelly, tabled the committee's report in the House of Representatives on 2 June 2003. The chairman's press release of the same date indicated that the committee found that the level of employee fraud is generally considered low, with most injured workers committed to an early return to work, and that implementation of best practice and improved communications between participants in the workers compensation process has the potential to have a much greater financial impact than allocating significant additional resources to the detection of fraud. WorkCover NSW remains committed to identifying fraud wherever it occurs in the scheme. WorkCover now has sophisticated data mining software and is developing a number of data mining models to detect potential fraud within the scheme by service providers and employers as well as claimants.

WorkCover compliance specialists are undertaking an aggressive compliance program using the data mining technology to target high-risk areas of non-compliance. Only last week, the Minister announced a particular focus on the construction, cleaning and labour hire industries. WorkCover's software examines a number of variables including wages and industry risk to identify potentially non-compliant activities. During 2002-03 WorkCover's compliance improvement branch issued approximately 12,000 requests for wage audits to insurers; identified approximately \$21 million in additional premiums, together with an additional \$5 million in late payment fees; issued 339 fines and penalties for premium evasion with a total value of over \$1 million; and successfully prosecuted eight employers for non-insurance, resulting in fines totalling \$105,000.

Already, for the first half of 2003-04, almost \$13 million in additional premiums has been identified. While the legislative and regulatory frameworks for compliance are necessary, WorkCover is committed to a process of education and the provision of information as the best way to ensure that people do the right thing. By working with industry, workers and service providers to make sure everyone understands their rights and obligations, WorkCover aims for co-operative compliance. Information is distributed to all employers with the insurer's policy renewals, and education packages are also distributed to accountants, professional and industry associations.

Only today the Minister in the other House announced a further series of information seminars conducted by WorkCover as part of the Government's Small Business Assistance Strategy, which includes a seminar in Tamworth on the 30 June. It is the second WorkCover seminar to be held this month in the electorate represented by the honorable member for Tamworth, Peter Draper. The small business seminars provide assistance to employers to help them understand their responsibilities for keeping a safe and healthy workplace, making sure they have the right workers compensation insurance policy for their business and ensuring there is prompt treatment and support for an employee who is injured at work. WorkCover personnel are also available to answer any questions that business owners may have.

In 2003 WorkCover provided over 150 one-on-one interviews between small business operators and WorkCover inspectors; a pilot program provided 54 small businesses with up to three hours of free health and

safety advice; a small business link on WorkCover's web site provided a central location for information on their rights and obligations, as well as copies of WorkCover's publications; 39 seminars were held in rural, regional and metropolitan centres across New South Wales to assist small business to understand how the risk assessment processes could be introduced in their workplaces; and a rural safety web site was established to provide specialised assistance for employers in rural New South Wales. To build on the success of the 2003 program, new initiatives are already planned for this year.

Those initiatives include a new series of free seminars for small business owners, the first of which commenced on Monday this week at Cowra. That series of 13 seminars will be held everywhere—from Tamworth to Condobolin to Yass. The free seminar program will include information on health and safety responsibilities, practical advice on complying and advice on workers compensation matters. Twenty-four small business workshops will be run as part of the Safer Towns and Cities Program in Orange and Bathurst in June; a six-month trial e-newsletter to 1,800 participants who registered an interest in receiving additional information will be commenced; and a new series of small business fact sheets will be released covering topics including consultation, manual handling, workers compensation and chemical safety.

The Government's reforms for WorkCover have, for the first time in 10 years, resulted in the scheme collecting enough premiums to cover its costs. The Government has introduced a premium discount scheme for employers who took positive steps to improve occupational health and safety and the WorkCover deficit is slowly reducing.

Mr HARTCHER (Gosford) [4.40 p.m.]: WorkCover is the great black hole of New South Wales through which hundreds of millions of dollars are lost. WorkCover now has a deficit in excess of \$2 billion. It is one of the major cost drivers against employment in this State. WorkCover is riddled with inefficient work practices. The honourable member for Kiama just read an extraordinary speech about the wonderful job that WorkCover is doing. Last year it was revealed during Legislative Council estimates committees that WorkCover spends \$1.2 million on fraud, yet it spends \$227,000 on entertaining its own executives.

WorkCover spends on its executives a quarter of the amount that it spends on detecting fraud among hundreds of thousands of employees. I am referring to figures that have been quoted in WorkCover's annual report. It spends \$1.2 million to detect fraud among the hundreds of thousands of employees in this State and it spends nearly a quarter of a million dollars entertaining its own senior executives. Even better than that, in 2002-03 the WorkCover doctor was sent overseas twice and in 2002 he was sent overseas once to visit a series of countries, including South America, Switzerland, France and Belgium, at a cost of about \$90,000.

I can refer to even better stories relating to WorkCover. In 2002 it sent one of its personnel to Switzerland to hear a speech that it could have downloaded from the Internet or had posted to it. The whole sorry saga of WorkCover, which continues to be a disgrace to this Government, is costing employers and resulting in a loss of jobs in New South Wales. According to WorkCover's annual report, in 2002-03 another employee went to New Zealand for just one meeting about fire extinguishers. Instead of having the information sent to him in brochures he flew to New Zealand to hold a meeting about fire extinguishers. Once again, that information is provided in WorkCover's annual report, which reveals the incompetence, waste and disgrace of WorkCover in this State.

The honourable member for Tamworth correctly pointed out that jobs are at risk in regional New South Wales. The honourable member for Lachlan, who will follow me in debate on this matter of public importance, has been arguing for many years that WorkCover is costing country people their jobs and that regional New South Wales is suffering. Even more significant is the fact that over the past four years WorkCover has employed an additional 135 staff. Once again those statistics are to be found in WorkCover's annual report. Four years ago it had 416 employees and today it has 551.

WorkCover's work force is getting bigger and bigger. My electorate office in Gosford is right around the corner from the WorkCover building and I see employees pour in and out of the building every day. It is a disgrace that WorkCover now has 551 employees. It continues to lose money, its debt continues to escalate at around \$2 million a day, and the people of New South Wales are losing job opportunities. In December 2002 this Government amended the WorkCover legislation. Those amendments included an amendment relating to grouping.

Last week the Minister admitted that the grouping system had failed and that the Government would not proceed with it on 1 July 2004. That provision was introduced in 2002, we voted against it in this House and

said that it would not work, but the Government said that it would work. WorkCover officials wrote pages of wonderful reports, which cost the taxpayers of New South Wales thousands of dollars, in which they stated that the grouping system had to be introduced so that all companies would pay tax under one policy. One week ago the Minister in the Legislative Council said, "We will not proceed with it."

The Government did not proceed with those proposals because it revealed that its own software system could not cope with the impost on employees and policies—a matter that received very little media attention. That is indicative of the fact that this Government is ill prepared in relation to the changes that have been made to WorkCover. WorkCover, which is a fraud, is a great black hole for this State Government. I thank honourable members for giving me an opportunity to speak in debate on this matter of public importance. [*Time expired.*]

Mr RICHARD TORBAY (Northern Tablelands) [4.45 p.m.], by leave: I take this opportunity to commend the honourable member for Tamworth for introducing debate on this matter of public importance. Many members are receiving representations relating to WorkCover. We heard earlier from the honourable member for Gosford that over the past few years WorkCover has been a major problem for this State. For many years when the Coalition was in government WorkCover was described as a basket case. This Government has attempted to reform that process—an issue that should be acknowledged.

Today the honourable member for Kiama claimed that disputes have been reduced by 75 per cent; \$67.5 million in premium discounts have been awarded to safer employers—a welcome measure—and the average delay in reporting injuries has been substantially reduced, from a median 21 days in June 2001 to 11 days in September 2003. Those are issues about which we should be pleased. However, a number of significant concerns remain in the system. I acknowledge that those reforms were necessary but we still need safety measures and checks particularly in relation to how managers for WorkCover, or insurance companies, have absolute control as to whether a claim is admitted. If a claim is admitted, the premium is immediately adjusted upwards on the employer, regardless of the merits of the claim.

Employers are telling me that there is not enough scrutiny in that process. We should implement these reforms but we should ensure that they are working on the ground. Claims are being made and a number of things are happening. Premiums are immediately increased regardless of the merits of the case and regardless of whether a matter is settled. There is not enough scrutiny in that process. We must ensure that only legitimate claims are acted upon. If we do not have proper scrutiny of that process, there will be unjust outcomes such as those that are continually being reported to me. Under the current system we are not able to properly investigate claims and protect employers from fraudulent claims, and that is resulting in increased premiums.

Many of the representations to which I have referred have come from legal advocates in my electorate. Local law firm Abbott Parry and Jenkins recently drew my attention to a matter upon which I will not elaborate further because it was settled on a confidential basis. That was a classic case, and I would be pleased to make that information available to the Minister so long as confidentiality is maintained. I am sure that the honourable member for Tamworth agrees that this debate is not about criticising WorkCover, particularly when the Government has embarked upon a reform process—it has been under way for three or four years—from which some welcome measures are emerging on issues that were not addressed previously.

But there is still work to be done. I hope that the Minister and members in both Houses will gauge the real impacts on the ground and consider whether appropriate safety measures can be established to stop fraudulent activities and commercial settlements that occur because it is cheaper to settle, regardless of the merits of the case. That is not fair to employers, particularly small business people, and it is certainly not fair to those who believe insurance companies have absolute control, as the managers of the process. They have 100 per cent say over what happens. If there are safeguards in the system, I would like to hear about them so that I can make employers in my electorate, who are seeking to do the right thing, aware of any reforms.

Mr IAN ARMSTRONG (Lachlan) [4.51 p.m.], by leave: This is an extraordinarily important issue as nothing inhibits employment in New South Wales more than the occupational health and safety question. It is a huge detriment to people expanding businesses, employing and training new staff and having the enthusiasm to invest in this State. The bottom line is that about 80 per cent of cases are settled out of court in the 24 hours before the scheduled court hearing. In other words, the insurance companies roll over and settle rather than contest the cases. As a result, as the honourable member for Northern Tablelands said, premiums increase almost automatically.

I do not think anyone realises just how far this problem extends. It involves not only the seven abattoirs in my electorate but the thousands of little old ladies who employ someone to mow their lawns. They do not

understand that they must be satisfied that the person they hire to cut their lawn is qualified and is capable of using a lawn mower, they must have a workers compensation policy, and on it goes. It is a ridiculous system. As the honourable member for Tamworth pointed out when he opened the debate, premiums in Queensland are on average two-thirds the rate of those in New South Wales. Reductions in workers compensation premiums for New South Wales businesses can be achieved only by reducing the costs associated with running WorkCover. Last year the Government wasted \$181 million by allowing the WorkCover deficit to increase and it wasted \$6.5 million on a WorkCover consultants report. The WorkCover scheme is now in debt by a whopping \$2.98 billion. Sydney Labor must adopt plans that will reduce WorkCover's massive debt.

The shadow Minister for Industrial Relations, the honourable member for Gosford, recently challenged the Premier and the Minister for Industrial Relations to meet or exceed the commitments made by the Victorian Government to cut Victorian workers compensation premiums by 10 per cent, which will push the average Victorian premium below 2 per cent. Not a single fruit and vegetable cannery remains in New South Wales; they have all relocated to Victoria because of the cost of workers compensation premiums and associated employment costs in this State. Cerebos at Parkes was the last of them, and it has moved to Victoria. These days most of our abattoirs and other large employers use contractors to supply their labour. Many of those contractors, particularly abattoir workers, are based in Queensland and their salaries return to that State. I understand and sympathise with those who employ contractors because they are totally frustrated by costs that make their businesses uncompetitive compared with similar businesses in Queensland and Victoria.

For instance, the grape growing industry in New South Wales pays workers compensation rates of 6.56 per cent and grain growers pay 9.05 per cent. The beef cattle farming industry pays 10.21 per cent so that people can brand cattle and load them on and off trucks. Abattoirs pay a whopping 13.38 per cent—and that is the base figure. Most abattoirs pay workers compensation premiums of more than 15 per cent. There is another problem. There are tens of thousands of windmills in the State of New South Wales—we are particularly conscious of them during this time of drought. Before servicing a windmill an employer must ensure that risks associated with falls from a height are controlled by the use of the following measures:

... a stable and securely fenced work platform ... or if compliance with [the] subparagraph is not reasonably practicable—secure perimeter screens, fencing, handrails or other forms of physical barriers that are capable of preventing the fall of a person or ... other forms of physical restraints that are capable of arresting the fall of a person from a height of more than 2 metres ...

The employer must also provide:

... safe means of raising and lowering plant, materials and debris in the place of work—

and—

... a secure physical barrier to prevent objects falling—

and—

if it is not possible to provide a secure physical barrier, provision of measures to arrest the fall of objects ...

Windmills have four legs that contract to a small surface area usually 20 feet or 30 feet above the ground. Goodness knows how farmers across the State will service their windmills in future. The system is impractical and impossible. It will lead to all sorts of industrial problems, litigation and increased cost. The Government and its advisers do not understand the practical difficulties involved in dealing with normal, everyday industry maintenance programs.

Mr PETER DRAPER (Tamworth) [4.56 p.m.], in reply: I thank members representing the electorates of Kiama, Gosford, Northern Tablelands and Lachlan, who contributed to the debate. The discussion has been most productive. I particularly congratulate the honourable member for Kiama, who read his speech extremely well but obviously did not believe a single word of it. Perhaps that is a little harsh. His speech basically justified the Government's ability to destroy small businesses in rural areas. That is exactly what is happening in my electorate at present. The honourable member for Kiama talked about compliance and the ability to investigate and take appropriate action when fraudulent or non-meritorious cases are uncovered. However, the premiums are not refunded to businesses. They pay enormous amounts of money to insurance companies, the claims are proven to be fraudulent or without merit but the insurance companies get to keep the money. Why is it not returned to the employers? That same question is on the minds of many people in rural and regional Australia, particularly those in my electorate.

The honourable member for Gosford described WorkCover as the black hole of New South Wales, with a deficit of almost \$3 billion. I realise that the Government is working to reduce that deficit. It must do that. We must consider the matter realistically. The system cannot run with a deficit such as that without government taking strict and firm action to try to remedy the problems. However, too many small employers are being lost in the process. It was pointed out earlier that the number of WorkCover staff has increased from 416 to 551. Perhaps some of those who lost their jobs in the small business sector in regional Australia found jobs with WorkCover—I do not know. The Government is making a serious attempt to reform the process, and I applaud and support that initiative. However, at present the reform process cannot be viewed as a success. It does not matter how many statistics are cited, the reality is that small businesses are suffering because of WorkCover imposts.

I was enormously disturbed by the comments of the honourable member for Lachlan about windmills. Ridiculous regulations govern the maintenance of structures that people have had on their properties for 50, or perhaps many more, years. I have spoken about the impact that fluctuating premiums are having on transport operators and building operators in the electorates. The facts are, in black and white, that these rates are combining with other factors to put a great deal of pressure on those businesses. The insurance premium for road freight operators in Queensland is 3.6 per cent, compared to more than 9 per cent in many cases in New South Wales. That makes it extremely difficult to compete against people who base themselves over the border, which is something that is happening more and more frequently simply because of these imposts.

The experience-based claim is supposedly a fair way to calculate premiums because the premiums can decrease if there are no claims. But it soon becomes discriminatory when an employer has a claim against it but was not negligent as a business or, as in the case of one of my constituents, a case was paid out, a substantial amount of money was handed over, the premiums rose enormously and, less than a year later, the fellow involved was found in another State operating in a similar business. The claim was clearly fraudulent. That matter will be taken to court and I dare say the outcome of the court hearing will be in favour of the employer, but he will not get back his contributions. He has given that money away and will never see it again.

The scheme appears to be funded totally by employers, and it is in their best interests for the scheme to work for them and not against them. I applaud the review that the Government is currently undertaking. I acknowledge that it may not be an easy task to strike a balance, but we need to take on board the experience of smaller operators, those who are being heavily slugged. They do not have the resources to bounce back from these massively increased premiums. They virtually have no choice but to close their doors and put people out on the streets. That is the last thing we want. I urge the Minister to listen to small operators and, hopefully, devise a better system.

Discussion concluded.

BUSINESS OF THE HOUSE

Private Members' Statements: Suspension of Standing and Sessional Orders

Motion by Ms Alison Megarritty agreed to:

That standing and sessional orders be suspended to permit the taking of private members' statements forthwith.

PRIVATE MEMBERS' STATEMENTS

TRIBUTE TO MS DARLENE KEENAN

Mr ANDREW TINK (Epping) [5.02 p.m.]: I pay tribute to Darlene Keenan, who, since 1992, has been the youth development officer at the Shack Youth Outreach at Epping. Darlene is much more than that: she is the founder of the Epping Youth Development Group Inc. and the inspiration behind it. The Shack was formed in 1992 with the help of concerned local residents, churches and businesses to address the needs of youth at risk in the northern suburbs. Despite the relative affluence of the northern suburbs, there are many young people at risk as a result of family breakdown, drug and alcohol abuse, unemployment and a range of related problems. Through Darlene's leadership as youth development officer, in the last 12 years the Shack has come to play an outstanding role in assisting young people at risk.

For all that time Darlene has literally been based in a shack at the back of St Albans Church, Epping, where she and her able team of supporters provide a range of free and confidential services, including home visits, counselling, family support, court support, résumé assistance, and youth and school liaison, to name but a few. Darlene Keenan is unique. Like many words in the English language, the word "unique" is now, unfortunately, overused. But Darlene is one of a kind. She is extremely personable and charismatic. She is authoritative: she is able to lay down the law to the kids but does not in any way overawe them or cause them to lose confidence in her. They literally pour out their hearts to her. She is strong willed but at the same time empathetic, a combination I have not seen to the same degree in anyone anywhere.

In recent times, under Darlene's leadership, a project was initiated to rebuild the Shack. That work is now complete. Volunteers came from all over the place to help rebuild the place where these services are provided. It is a tribute to Darlene that builders have provided their services free of charge. I particularly pay tribute to Mr Huxley in that regard. As patron of the Shack I have seen its work gain acceptance throughout the community. It is now strongly supported by the Epping Club, the Department of Community Services, Ryde City Council, St. Albans Church, Thornleigh Rotary Club, Eastwood police and Associated Planners, to name but a few.

Honourable members will not be surprised to hear me say that by disposition I am a fairly conservative member of this Parliament. When I first became aware of the work of the Shack I had some trepidation, but over the years I have not only accepted it but I strongly support its work. It is fair to say that in the early days police were a little wary, but it had the support of some outstanding beat police at the time: Greg Ashurst and Bob Porter, who went on to greater things. The new commander at Eastwood, Geoff Beresford, also supports the Shack. I understand that the kids from the Shack are organising a touch footie game with the police in the relatively near future.

Darlene is amazing not only because of her good relationship with the kids but also because she is also able to reach out to some of the most conservative members of the community—not only me. For example, people at the Epping RSL sub-branch have also come to endorse her work and are now extremely generous financial supporters and also give of their time. The irony is now that the new Shack building is on its way, Darlene is leaving us to return to New Zealand. I place on record my thanks to her for her work for more than decade. She is paid, but not more than a fraction of the value of her time for being on call literally 24 hours a day.

To give honourable members an idea of her work, according to annual report of the Epping Youth Development Group Inc., in 2002 there were 1,537 counselling hours, and nearly 3,000 juveniles and adults sought and gained assistance from her and her small group. I wish Darlene well in New Zealand. Her successor has already been chosen, and they are working in tandem. I had a good meeting with them recently. The future of the Shack is bright, but it would not be there in the first place without Darlene. I want to place these words in *Hansard* to thank Darlene for her outstanding and unique work.

SMITH-MAGENIS SYNDROME

Mr PAUL GIBSON (Blacktown) [5.07 p.m.]: I am sure that not too many members know much about Smith-Magenis syndrome [SMS], which is a specific pattern of physical, behavioural and developmental features which occur together in a person due to a single underlying cause. SMS is associated with a missing section—or a deletion, as it is called—of chromosome 17. The first group of children with this deletion was described in the 1980s by Ann Smith, a genetic counsellor, and Dr Ellen Magenis, a physician and chromosome expert. A variety of unusual physical and behavioural characteristics have been found in people with SMS.

An individual with SMS may have just a few or many of the features that I will outline. Some individuals with SMS may never show significant behaviour problems, although some degree of self-injury and sleep disturbance probably occurs in most. Despite their difficult behaviours, many children and adults with SMS are very appealing and affectionate, and have much untapped potential. The clinical features are developmental delay, learning disability, mental retardation, low muscle tone in infancy, feeding problems in infancy, short stature, flat facial features, prominent jaw in older children and adults, abnormalities of the palate, downturned mouth, unusually formed ears, chronic ear infections, hearing impairments, eye problems including nearsightedness, short fingers and toes, heart defects and murmurs, urinary system problems, curvature of the spine, unusual gait and sleep problems. They exhibit the following behaviours: hyperactivity, head banging, hand biting, picking at skin, sores, nails, pulling off fingernails and toenails, explosive outbursts; tantrums, destructive and aggressive behaviour; and excitability, with arm hugging and hand squeezing.

Ryan, the son of a couple in my electorate, Kim and Robert Goswell, was diagnosed in 2000, when he was aged eight, as having SMS. The scary part is that when he was diagnosed the doctors at Westmead Children's Hospital told the Goswells that there were no doctors in New South Wales or Australia that could help them, that no doctor knew much about SMS. They were advised to go to America to seek medical help. They contacted an American group called PRISMS—Parents and Research Interested in Smith Magenis Syndrome. Kim went to the second international conference on SMS in Washington in September 2000. Both Kim and Robert attended the third international conference in Denver, Colorado, in September last year.

Since then they have been working hard to create an awareness of this terrible disease. SMS is a battle for any family: it is a problem that must be contended with 24 hours a day, 7 days a week, 365 days a year. Even though the Goswells are very young, they are finding it virtually impossible to control and live with the disease. They organised the first Australian conference in February this year, held at Westmead Hospital. It was very successful. Some 75 doctors attended, along with professionals from all over Australia. Three doctors from America attended the conference. One of the guest speakers was a professor who founded the syndrome, Professor Anne Smith.

Since the Australian conference there have been a lot of new diagnoses, as a result of this couple bringing the matter out into the public. A lot of children with this disease have been diagnosed as autistic, as was Ryan when he was two years of age. Of course, the autism treatments got nowhere because Ryan had SMS. What the Goswells are trying to do—and what I am doing in this private member's statement—is appeal to the Government, the Minister for Health and the Minister for Disability Services to consider funding this group. They need a grant to form a support group for affected people in Australia. Group members, although they are not medically qualified, lecture doctors because they know more about the disease than most doctors in this nation. All costs so far have been paid by the Goswells out of their own pockets. This is a battling family. I appeal to the Government to have a look at this situation. If there has ever been a needy cause, this is it.

MERRIWA REGION LOCAL COUNCILS AMALGAMATION

Mr GEORGE SOURIS (Upper Hunter) [5.12 p.m.]: I speak in support of the Merriwa Shire Council and the Merriwa community defence against the proposal for a compulsory or forced amalgamation of their local government area with other local government areas. Merriwa Shire Council has, regrettably and reluctantly, become part of the mid-western review conducted by Mr Varden and now faces the prospect of a Boundaries Commission review hearing on 19 May. That process in itself is flawed in a sense, because the Boundaries Commission meeting in Orange is a long way away from my constituents in Merriwa, who have a considerable distance to travel for what ultimately will be a very short hearing time. Barely five minutes will be allocated to this community delegation to put to the Boundaries Commission the case to save their shire.

On 18 May the Merriwa Shire Council will have an opportunity to address the Boundaries Commission. Those two brief moments represent all the time that the Merriwa community has to defend itself. As I said, the process is flawed, not only because of the problem of distance, but because of the fact that five other reviews will be under contemplation by the Boundaries Commission in that brief period of two days. What hope do the people of Merriwa have that their case will be listened to and properly evaluated and that there will be a proper recommendation following those Boundaries Commission hearings? I congratulate the people of Merriwa and the shire council, particularly mayor Ean Cottle and general manager Neal Baldwin, together with the other councillors, for the stance they have taken in support and defence of their shire. They are not helped by the fact that Mr Varden had in his review a completely erroneous segment that significantly overstated the level of unfunded liability of the shire. That anomaly was corrected by the Minister in the submission that he made to the Boundaries Commission. What faith could the people of Merriwa have in this process when such massive fundamental errors have been made in dealing with this case by way of review?

I congratulate also the Save Our Shire Committee of Merriwa. People involved in that committee and other people from the district have been in constant contact with me. Mr John Small, Mrs Shirley Sharpe, Mrs Sarah Thompson, Mr Sean Deasy and others have carried the fight on behalf of their constituents. I commend the delegation that will go to Orange to put a five-minute presentation to the Boundaries Commission. They will comprise a year 12 student, farmers, business people and a grandmother who is also a church warden. Their names are Mel Gillott, John Small, Pat Kirkby, Amanda Nutt, Sean Deasy, Justin Caines, a youngster named Tobias, Mandy Cronin and Jennifer Whitby. They will all travel to Orange to present the case on behalf of Merriwa shire. However, the basic premise, which the Government initially misrepresented, is that Merriwa is a well-run and efficient council.

The council enjoys the support of the community and the vast majority of its ratepayers. It is constantly working hard on behalf of the community to provide regional development and business opportunities, particularly to enhance agricultural industries in the area, and to make sure the shire is adequately serviced by transport routes and other local government services. In fact, the shire has had to fight—and has fought successfully—many battles for its existence, battles that have not been particularly helped by various banks and other institutions, especially government institutions, reducing their presence in the shire. But the resilience of the district is clear because, despite all of those adverse aspects, the community is alive and well and looking to a positive future—if it is allowed to retain its local self-determination and its local sovereignty. How can there be hope for a future for the Merriwa district if there is not a champion in the shire looking for opportunities? A distant or remote regional shire council, under a forced amalgamation, will not provide any hope whatsoever for the future of the people of Merriwa.

ST JOHN OF GOD FAMILY SERVICES

Mr BRYCE GAUDRY (Newcastle—Parliamentary Secretary) [5.17 p.m.]: I raise an issue that has been brought to my attention and the attention of my parliamentary colleagues in the lower Hunter by school principals and parents concerned about potential funding changes for St John of God Family Services. That organisation provides a much-needed service early intervention service for families in the Hunter. The service began in September 2000 at the request of the then area manager of the Department of Community Services, Hunter, as an innovative project that could be used as a pilot to demonstrate the benefits of early intervention in preventing family breakdown, child protection issues and entry into out-of-home care. For more than 40 years St John of God conducted a residential centre for children at Kendall Grange near Morisset. It had a client group per year of 30 children with severe emotional and behavioural difficulties. Parents were expected to participate in a behaviour management education program, and they and the children were provided with counselling services where necessary.

In 1999 the Department of Community Services area manager approached St John of God with a request that it change from a residential facility catering for children from a number of different Department of Community Services areas to a community-based early intervention service for the Hunter. A number of proposals were developed. The final preference of the area manager was for a non-residential early intervention behaviour management support program. The target group was to be families with children between the ages of 3 and 11 years with behavioural problems. It is important to note that the funding received by St John of God, Kendall Grange, did not specifically target children from the Hunter and was never used to provide out-of-home care in its usual format for children from that area.

Although initially there were some concerns that the funds were from the out-of-home care program budget, the acting area manager negotiated with the Department of Community Services central office, and the change in direction recommended by the area executive was signed off in December 1999. The service, now known as St John of God Family Services, began accepting referrals in January 2001. It was agreed by the service and the department that 80 families would receive service in a 12-month period, an increase of 50 families per year over the residential service. The model included assessment casework, counselling, case management in accordance with a case plan, behaviour management education, in-home behaviour management support, respite care, parent support group and crisis support group.

The budget of \$1,053,044 provided services for 30 children per year as opposed to 90 children per year. The service worked with whole families and provided services to a minimum of 80 families per year. St John of God has done great work. The service has received some 428 referrals and provided services to 268 children, which is in excess of the agreed numbers. Pre-testing and post-testing of families who have participated indicate that the program is significant in achieving positive outcomes. Recent difficulties have been experienced with the funding package. Parents and community members involved with the program have expressed grave concerns that it may not receive sufficient funding to continue an effective program.

Parents and community members have written to me and other members of Parliament representing the lower Hunter seeking our advocacy on their behalf to maintain this in-home program that is designed to keep families together, deal with behaviour disorders that often lead to family break-ups, and provide out-of-home care for young children. Although we very much appreciate the work done by foster carers and providers of out-of-home care, this program is targeted at in-home difficulties that single parents often face keeping their children on target within the school system and dealing with behaviour disorders at home. The program involves a deal of behaviour management education and parent effectiveness training. I ask the Minister for Community Services to examine the program closely and to continue its funding.

MR LOUIS TSAI PROPERTY OWNERSHIP

Mr ANDREW HUMPHERSON (Davidson) [5.22 p.m.]: I relate to the House an extraordinary case of theft from one of my constituents, with the acquiescence of some government agencies. In 1995 Louis Tsai, with the assistance of his mother, purchased outright the property at 6 Khartoum Avenue, Gordon. While Louis lived and studied overseas the property was let to a number of different tenants. The most recent tenant occupied the premises from December 2002, but failed to make any payments. The tenant disappeared in February 2003. The property had several broken windows and other damage. A piano had been stolen. On 7 July 2003 Louis's brother, Mark, and his wife, who was due to give birth, were making minor repairs when two people arrived and attempted to enter the home. One of the people claimed to be a locksmith and the other claimed to be a representative of Perpetual Trustees Victoria. They claimed, and it was later confirmed, that a \$500,000 mortgage had been placed over the property for which repayments had not been made.

Mark and his wife contacted Louis in Taiwan and he returned to Australia. Legal action was initiated. A fraudulent mortgage had been taken over the property based on a false drivers licence and a false certificate of citizenship. Reasonable checks of the documents would have revealed that neither the signatures nor the age were correct. Yet both the Land Titles Office and Perpetual Trustees Victoria allowed a mortgage on the title. The original application was for a loan of \$980,000, but Perpetual Trustees Victoria identified that the documentation was inadequate. However, it approved a loan of \$500,000 against the property without making sufficient checks to ensure that a valid loan was entered into. I believe that negligence has been proven, but because Perpetual Trustees Victoria acted negligently but not fraudulently they cannot be pursued legally for the outstanding money.

The law must be changed to invalidate a mortgage on reasonable grounds if a lender has acted negligently. The Supreme Court has rejected action against Perpetual Trustees Victoria. The only action now is against the Land Titles Office under section 120 of the Real Property Act through the Torrens Assurance Funds. The Land Titles Office has been extremely unhelpful. Despite being approached in September last year it has failed to respond to and assist the Tsai family in regaining ownership of its property. The cost to the Tsai family so far for having done absolutely nothing wrong is \$52,000 in accrued interest against the mortgage and another \$40,000 in legal fees. This matter is causing them great stress. How many other people have been placed in this position and how often does the Land Titles Office allow fraudulent mortgages to be registered? I ask the Minister responsible, the Hon. Tony Kelly in the other place, what has been done to pursue the perpetrator in the intervening period?

What checks have been done of the photo on the false licence? Why did the Roads and Traffic Authority [RTA] issue the licence? What checks were done or have been done against the details of other property owned by the person who applied for the loan? What checks were done against his alleged employment? It is clear that a number of government agencies have acted negligently. It is unreasonable for them to have failed to act reasonably to assist the Tsai family. It would appear that the RTA, the department responsible for citizenship Federally, the Land Titles Office, and Perpetual Trustees Victoria have some responsibility. I ask the Minister to do what he can to pursue the matter to finality. Justice is not being done. The Tsai family has been substantially inconvenienced and is out of pocket to the tune of \$600,000. It is unreasonable to allow this situation to continue.

ETTALONG WAR WIDOWS GUILD FIFTIETH ANNIVERSARY

Ms MARIE ANDREWS (Peats) [5.27 p.m.]: I inform honourable members that this year the Ettalong War Widows Guild celebrates its fiftieth anniversary. To commemorate this special year the Ettalong War Widows Guild has organised a series of special events. During the Anzac Day service, held in the Memorial Park located alongside the scenic waterfront at Woy Woy, a special plaque was dedicated to commemorate 50 years of service by the Ettalong War Widows Guild to the local community. On that occasion the President of the Ettalong War Widows Guild, Mrs Joyce Davis, delivered a very moving and informative speech. I thank her for providing me with a copy of her speech, from which I have drawn details to assist me in this private member's statement.

Statewide the War Widows Guild has a membership of 13,100, the average age of whom is 80 years. The majority are widows of World War II veterans. The founder of the War Widows Guild of Australia was Jessie Vasey, whose husband, Major-General George Vasey, was killed in 1945 at the end of World War II—58 years ago. The guild was established in New South Wales in 1946. I am proud to say that the Ettalong War Widows Guild was established in 1954. As Mrs Davis stated in her speech at Woy Woy on Anzac Day:

The club has been providing friendship and support, and has promoted the special standing that War Widows have in our local community.

As a self-help charitable organisation that was established by war widows to help each other, the aim of the War Widows Guild is to promote and protect the interests of war widows throughout New South Wales and, indeed, throughout Australia. Throughout the length and breadth of the Peats electorate, the Ettalong War Widows Guild is held in the highest regard. I join with the guild's president, Joyce Davis, in paying tribute to the marvellous and generous women who have been office bearers of the Ettalong War Widows Guild club since its inception in 1954. Since being elected as the member for Peats in 1995 I have had the honour and privilege of attending a number of the guild's meetings, where I have had the opportunity to meet the club's members. It has always been a pleasure to attend those meetings. The hospitality extended to me and other visitors on those occasions has always been very warm and sincere.

The current office bearers of the Ettalong War Widows Guild Club are the president, Joyce Davis; vice presidents Doris Wells, Gloria Parkes, and Iris Sommerfield; honorary secretary Dorothy Beardman; treasurer Eileen Redrup, OAM; assistant treasurer Muriel Draper; publicity officer Betty Johnston; social secretary Beryl South; and assistant social secretary Mavis Rasmussen. The guild's patron is Mrs Ruth Winsor, who was a former president of the guild. I am pleased to say that Ruth continues to take an active and keen interest in the guild's activities. The oldest member of the Ettalong War Widows' Guild Club is Mrs Alice Fitzpatrick who, at the remarkable age of 104 years, still regularly attends meetings at the guild and continues to take an active part in the local guild club's activities. Mrs Fitzpatrick's late husband served in both World War I and World War II. Mrs Fitzpatrick's daughter, Gloria Peachey, who is in her eighties, is also an active member of the guild.

The jubilee anniversary of the Ettalong War Widows' Guild club will not go unnoticed. All credit must go to the office bearers and other members who have diligently organised a number of significant events to make sure of that. Following dedication of the plaque on Anzac Day, a commemorative service was held at St Luke's Anglican Church, Woy Woy, on 4 May 2004. Unfortunately, I was unable to be in attendance on that occasion because Parliament was in session. However, Trish Moran, whose mother is a war widow, ably represented me. The well-attended service was followed by a light lunch, which was served in the church's hall. The function received good media coverage. The fiftieth anniversary luncheon will be held on Monday 31 May at the Ettalong Beach War Memorial Club. The fiftieth annual general meeting is scheduled to be held at the club on Monday 21 June. I am certainly looking forward to being in attendance on both those occasions. I wish to quote the founder of the War Widows Guild, Mrs Jessie Vasey:

In a group ... it will always be found that someone else has had to face your problem, and it is half the battle to be able to talk matters over with someone who understands and wants to help.

The Ettalong War Widows' Guild Club has certainly carried out that creed to its fullest extent, and beyond. As Mrs Joyce Davis said to the large Anzac Day gathering at Woy Woy:

When our members have celebrations, we celebrate with them. When they have ill-health or sadness, we share those problems with them.

I congratulate the Ettalong War Widows' Guild Club on its fiftieth anniversary. I wish the guild well for the future.

ORANGE POLICE STATION

Mr RUSSELL TURNER (Orange) [5.32 p.m.]: Once again I draw to the attention of the House the deficiency in police station facilities in Orange and the urgent need for a new police station. I cite an article in today's *Central Western Daily* that features an interview with New South Wales Police Association representative Terry Betts. It states:

PLEAS for a major upgrade of Orange Police Station to alleviate cramped and unsafe work areas continue to be ignored by the NSW Government which has instead allocated \$2000 for carpet in an administration office.

Police Association representative Terry Betts said the Orange station continued to fall into a state of neglect with major issues of hazardous conditions in the charge room, holes in walls, peeling paint and an unsafe stairway impacting on the morale and the ability of police to effectively carry out their work.

On previous occasions I have informed the House that conditions are so cramped in the main part of the police station that a number of doors had to be removed because they were not able to be opened or closed. The article also states:

Despite us putting in submissions and continually putting forward our concerns, there has been no word at all, and no indication anything is going to be done," he said ...

Mr Betts said that at an Occupational Health and Safety Committee meeting, officers expressed their extreme frustration at the government's inaction and failure to address concerns.

He said 'it was a joke' that funds had been allocated for carpet while officers had no decontamination facilities, highlighted recently when officers had to wash their eyes under a back tap at the station, following an altercation with a prisoner involving capsicum spray.

"For us the charge room is still the big issue. It's not only a hazard for officers trying to manoeuvre violent prisoners in a confined area but prisoners can be injured and that's a concern in terms of doing our job properly," he said.

Mr Betts said the gross inefficiencies caused by general duties, detectives and administration and highway patrol being at separate sites continued to impact on efficiency.

"During the process involved with charging a prisoner, an officer may have to cross Byng Street between the main office and the detectives' office several times which is totally inefficient."

I have highlighted this problem on a number of occasions. I acknowledge that on ABC Radio recently the Minister for Police, John Watkins, stated that Orange and Dubbo were his two highest major upgrade priorities in regional New South Wales. Regrettably, the officers have been given no indication of when that will occur. The Orange police station was built in the 1970s and was designed for approximately 20 police officers. Fortunately, the area is slightly over strength, with approximately 116 officers stationed at Orange currently. As I indicated earlier, police officers are housed in the original building, the detectives' building across the road in Byng Street, two demountable buildings, and in Anson Street where, a house is the office of the area commander, Superintendent Jeff McKechnie. In the same house, the highway patrol section operates from an enclosed veranda. The accommodation is totally inefficient and totally unsatisfactory as a facility in which police officers work.

Other police stations in my electorate that are staffed by one or two police officers are also desperately in need of upgrading. Apart from the occasional coat of paint or replacement of a tap washer, virtually no upgrading of facilities has taken place in many of those stations during the past 30 years. Families live in those police stations. Although they are very proud to be residents of small villages, our appreciation of the great job they are doing in small communities ought to be reflected in the provision of decent living and working facilities. I reiterate my call upon this Government to acknowledge that Cowra—a town with a population of 9,000—still does not have 24-hour policing. I call on the Minister for Police to provide 24-hour policing, at least on Thursdays, Fridays and Saturdays.

LIBERAL PARTY PUNCHBOWL MEETING

Mr ALAN ASHTON (East Hills) [5.37 p.m.]: Tonight I wish to comment on an astounding event that took place in the city of Bankstown last Wednesday night. It was brought to my attention by concerned citizens in my electorate, by police, by the local media, and by local councillors. The events made page 1 of the *Sydney Morning Herald* and were reported on page 3 of today's *Bankstown Canterbury Torch*. The inaugural meeting of a new Liberal party branch was held last Wednesday night at the Punchbowl Croatian Club. Normally, the formation of a political party's branch would create total disinterest in the wider community. However, so desperate are the New South Wales Liberals to attract any type of publicity, the inaugural meeting erupted into what witnesses called a night of violence, bloodshed, tears, and destruction that brings shame on all who were involved. Whatever possessed Liberal luminaries, such as the Hon. David Clarke, MLC, to be armed with at least a copy of *Gregory's Sydney Street Directory* and to venture into Punchbowl? I do not know, but as one Liberal member of Parliament said later, "It was a straight branch stacking that went wrong."

Reports indicate that nearly 250 people turned up for the meeting, but I am sure that most of them will never be back. The hard right of the New South Wales Liberals is seeking to eliminate any progressive voices that remain in the Liberal Party. Approximately 80 of the so-called uglies—aptly titled—created this new branch to obtain advantage at Liberal headquarters in choosing candidates for New South Wales State and Federal electorates. They were outstaked by over 150 moderates and lost control of the branch. They then resorted to violence and thuggery to get the more moderate, and by now frightened, new members to leave. Up to six police cars attended the brawl and more than a dozen police were needed to restore peace. A radio report suggested that 20—

Mr Thomas George: Point of order: My point of order is relevance. A private member's statements should relate to one's own electorate or activities within one's electorate.

Mr ACTING-SPEAKER (Mr Paul Lynch): Order! I rule against the point of order and direct the attention of the honourable member for Lismore to the ruling of Speaker Rozzoli in 1990 that members may refer to matters outside their electorates if the matters were brought to their attention by constituents. If the honourable member for Lismore had been listening he would have heard the honourable member for East Hills preface his comments by saying precisely that.

Mr ALAN ASHTON: That is exactly the case. Up to six police cars attended the brawl and a radio report on the Stan Zemanek radio show indicated that a person rang in and suggested that 20 police cars may have attended. I am led to believe that the meeting had to be called off, or that move-on powers introduced for police by the Government were used and arrests made. I am particularly displeased that police resources had to be wasted on this Liberal Party meeting, which is more typical of the political violence we associate with many other parts of the world. There has to be a sinister motive for the creation of a new Bankstown branch of the Liberal Party. No Liberal councillor on Bankstown City Council was told of the meeting, and I encourage them to not lend their name to this violence and treachery.

It might be worth pointing out to the Liberals opposite and in the other House that the seat of Bankstown is the third-safest seat held by the Labor Party. While I encourage the Liberals to waste their time by creating branches in safe Labor electorates, such as Bankstown and my electorate of East Hills, I assure them that through the hard work of Labor members those electorates will continue to remain safe. I call on the Leader of the Opposition to show some leadership in disciplining the thugs in his party who use violence to create new branches. I am advised that the Liberals will not create any new branches until after the Federal election. The Liberals in my electorate of East Hills are usually respected people whose main fault is that they constantly shift between being true Independents and Liberals. To date I have not noticed them shifting from orthodox to southpaw boxing stances.

I understand that police inquiries are continuing and I urge the Liberal Party of New South Wales to co-operate with police if any investigation leads to charges being laid. I also call on any members of the public who can assist to come forward and contact either Bankstown or Campsie police commands. Next time local residents notice so many Mercedes, Bentleys and Range Rovers heading to Bankstown, perhaps they should lock their doors immediately and call police. I am sorry that the Croatian Club of Punchbowl was dragged into this unseemly debacle. Today the Hon. John Ryan was quoted in the *Bankstown-Canterbury Torch* as saying:

It was not our best moment. The memberships collected on the night are in the hands of our State Director, Scott Morrison.

I have met John Ryan, MLC, on many occasions in the Bankstown area representing the Leader of the Opposition. I find it ironic that he has been sent in to put the best spin on an atrocious political exercise, seemingly set up by one of his colleagues, although a factional opponent, David Clarke, MLC, his family and political friends. I have always found John Ryan to be a decent, hard-working, and friendly parliamentarian. It is no wonder that the Liberals are struggling in this place when one of their members of Parliament can absent himself from Parliament, while allegedly serving the people of New South Wales, only to serve himself and his factional hacks in Liberal branch stacking. I have been advised also that David Clarke may have the active support of Charlie Lynn, MLC, the honourable member for Lane Cove, Anthony Roberts; the honourable member for Gosford, Chris Hartcher; the honourable member for Vaucluse, Peter Debnam; and the honourable member for The Hills, Michael Richardson. If that is the case, I expect better behaviour from those members.

Mr Daryl Maguire: Point of order: When a point of order is raised, the member who is speaking should sit down. When a member wishes to make a personal attack on another member in this place—

Mr ALAN ASHTON: Point of order—

Mr ACTING-SPEAKER (Mr Paul Lynch): Order! The honourable member for East Hills will allow the honourable member for Wagga Wagga to complete his point of order.

Mr Daryl Maguire: In this place there are procedures that must be adhered to. Clearly the honourable member for East Hills is attacking members of this House. I ask him to withdraw those remarks.

Mr ALAN ASHTON: This is a public domain.

Mr ACTING-SPEAKER (Mr Paul Lynch): Order! I do not need to hear further from the honourable member for East Hills. Given that his speaking time has expired, the point is now irrelevant. However, I would

have ruled against the point of order because the remarks of the honourable member for East Hills do not transgress earlier rulings. Earlier an inappropriate point of order was taken by the honourable member for Lismore, who ought to know better. Recently, the Deputy Leader of the Opposition made a private member's statement about Israel, which had even less to do with his electorate than anything the honourable member for East Hills has said, but the content of his speech was valid because the matter had been raised by constituents.

CHATSWOOD WAR MEMORIAL GARDEN

Ms GLADYS BEREJIKLIAN (Willoughby) [5.42 p.m.]: The significance of the Chatswood War Memorial Garden has been brought to my attention by the Willoughby Returned Services League community. Mrs June Jorgenson, the Honorary Secretary and Honorary Organiser of the Chatswood-Willoughby Anzac Dawn Service Committee, brought her concerns and those of her colleagues to my attention. They are concerned about the impact of the proposed construction of three residential towers on the garden. The Chatswood War Memorial Garden is historically one of the oldest of its kind in Australia. June Jorgenson, committee members, and returned service men and women are concerned about the construction and the post-construction impact of shading on the flora.

The Willoughby electorate has a strong sense of tradition and reverence for returned service men and women. Honourable members might be interested to know that Edward Larkin, the honourable member for Willoughby in 1913, was one of two members of the New South Wales Parliament who died on the battlefield at Gallipoli. He is recognised on the plaque that I sit in front of in this Chamber. For me and many others in the Willoughby electorate, his overseas service and supreme sacrifice contributed to the strong Anzac tradition in the electorate. June Jorgenson has compiled a document that outlines the history of the memorial gardens. I will quote excerpts from that document to draw attention to the significance of the garden to the Willoughby returned services community. In part her document states:

In 1936 Alderman Frank Channon suggested that Willoughby Council situated at Chatswood, resume a deceased Estate's piece of land on the Chatswood Railway Station and use it for a civic Memorial War Garden. The site ran east along the railway line and was bounded by Albert Avenue and Orchard Road.

In 1937, the Council resolved to resume the land and all the buildings were demolished, including the fruit trees. As the site was cleared, the area was to be turned into lawns and gardens.

The Chatswood-Willoughby Returned Services League moved at a general meeting that the area be used as a Willoughby Municipal War Memorial Garden. The Council agreed, and a committee was formed, namely the War Memorial Garden Committee ...

In 1949, the lawns were laid, and at the suggestion of Mr Frank Channon, Secretary of the Chatswood Returned Services League, a grass mound was made at one end of the Garden for the Cross of Remembrance ... He also suggested that beds of memorial roses with suitable inscribed metal name plates at the base of each rose, be the main feature of the garden.

The idea behind the proposal of roses was to have something directly signifying the physical (red) and the spiritual (white) of the tremendous sacrifice which had been made by Australian men and women in wars.

Currently, the roses in the garden contribute to that significance. The concluding paragraph states:

The residents of Chatswood are very proud of this Garden of Remembrance and the Picardy roses, and they are watching the progress of the new garden with interest. This garden with the Picardy roses, is a very special icon to the men and women of the Willoughby City who paid the supreme sacrifice in wars, and we trust it will remain that way for future generations to pause and reflect on the many lives lost to war.

I can confirm that the Chatswood War Memorial Gardens provides a poignant setting for the annual Anzac Day dawn service, which is attended by many returned service men and women, their families and friends from the North Shore region. Mrs Jorgenson and many returned service men and women have brought to my attention their concerns about the future of the garden. They have asked that I bring their concerns to the attention of the relevant State Government authorities that will oversee the construction of the Chatswood interchange and towers. They ask that consideration be given to ensuring the longevity of the garden.

GLENDALE EAST PUBLIC SCHOOL

Mr JOHN MILLS (Wallsend) [5.47 p.m.]: As a strong supporter of the public school system in New South Wales, I am pleased to tell the House how proud I was to have attended the Glendale East Public School captains induction assembly on 23 March. I have had the honour of being invited to the school for many years. In the early days I used to pin badges on the students, but these days the parents pin on the badges, which is good for avoiding pricks to my fingers. The parents are much more careful, of course, about pinning badges

onto their children. I congratulate the parents of those children who achieved school leadership positions. This year the school captain is Anna Dewit, the vice-captain is Shae-Lee Munro, and the prefects are Lara Goldsworthy, Jessica Lawrence, Tim Quera, Brayden Spencer, and Luke Wilson. The school choir and guitar group performed *Whispers in the Trees*. Over the past year students at Glendale East Public School have devised their own school pledge, which was signed at the presentation assembly. I will read that pledge onto the record as it is instructive and refers to some of the things in which students, leaders, and parents at that school believe. The pledge states:

As a school leader of Glendale East Public School, I promise to:

- ◆ Carry out all the responsibilities set out for me by the school;
- ◆ Uphold the school's code of conduct and take pride in good behaviour;
- ◆ Help the teachers of the school by being cooperative at all times;
- ◆ Be respectful of all teachers;
- ◆ Be respectful of others' property;
- ◆ Wear my uniform and badge with pride;
- ◆ Be honest at all times but tactful and caring in what I say;
- ◆ Be sensible in all situations, following the playground safety rules;
- ◆ Take care of the school by setting a good example to others in showing respect for school property and grounds;
- ◆ Set a good example in the classroom by staying on task and always doing my best;
- ◆ Take pride in all aspects of the school assembly including the pledge and the school song;
- ◆ Earn our school a good name by representing the school with pride at all times, and
- ◆ Care for the students of Glendale East by being helpful.

I will make all students feel welcome and through my positive example show them that Glendale East is a friendly school.

All the school leaders signed that pledge. I acknowledge that over the years the school has won a number of environmental awards. When I arrived at the school I walked past eight large tubs that were about two metres in diameter and contained flowering shrubs. On the outside of those tubs were the following words written in ceramics: "respect", "life", "care", "conservation", "tolerance", "honesty", "love" and "peace". When I briefly addressed the school I said I had noticed the words on those tubs as it was only a few weeks after the Prime Minister of Australia declared that public schools in this country did not teach proper values. There I was at a school that had those values enshrined in its learning program and displayed those words on tubs that all the children had to walk past. The principal, Maria Williams, told me that Glendale East Public School, which is part of the National Values Education Forum, was one of the 12 leading schools in the nation teaching values. So the Prime Minister was ignorant when he made those comments. In the Federal budget last night \$35 million was allocated for a values education program and values education forums. According to an article by Linda Doherty in today's *Sydney Morning Herald*:

... a national curriculum is expected to include such themes as tolerance, mutual respect and compassion ... Mr Howard has never defined what values are missing in public schools, but Dr Nelson said yesterday ... "Australian parents, more than ever, are expecting schools to foster values such as tolerance, trust, mutual respect, courage, compassion, honesty, courtesy and doing one's best."

That is already happening. It is certainly happening at Glendale East Public School. That school is teaching children tolerance, respect, honesty, love, peace, life, caring for one another, and conservation values. I congratulate the principal, teachers, staff, parents, and the children on their understanding of, and love for, the great values that the public education system teaches in New South Wales.

Ms DIANE BEAMER (Mulgoa—Minister for Juvenile Justice, Minister for Western Sydney, and Minister Assisting the Minister for Infrastructure and Planning (Planning Administration)) [5.52 p.m.]: I join the honourable member for Wallsend in congratulating Glendale East Public School on enunciating its values so eloquently. It is able to inculcate core values in the school community. I reiterate the honourable member's comment relating to the emphasis that is placed on those values by the public schools that he, I, and all

honourable members visit. In a ministerial statement in March this year the Deputy Premier, Dr Andrew Refshauge, referred to some of the programs that are run in New South Wales schools. Glendale East Public School has a clear commitment to teaching the values that should be taught by all schools in this State. The school reiterates the core values that were enunciated in the Minister's speech. I congratulate Glendale East Public School on its pursuit of excellence and on the values it teaches in the community. I ask the honourable member for Wallsend to convey to the school the congratulations of the New South Wales Parliament.

ARMIDALE FREIGHT RAIL SERVICE

Mr TORBAY (Northern Tablelands) [5.54 p.m.]: Not so long ago I argued in this House for the retention of the Armidale to Tamworth passenger rail service that had been targeted for closure as a result of the Parry report. Thousands of local community members and community leaders took part in a demonstration.

Mrs Diane Beamer: And the Minister.

Mr RICHARD TORBAY: The Minister was also in attendance. Members of the community wrote letters, filled in petitions, and lobbied the Government and everyone else. The Minister informed the community in December last year that it would not lose its rail service. Since that reprieve was announced we have not rested on our laurels. It was made clear that if the passenger rail service was to be viable we had to attract freight traffic back to the line. Early this year I called a meeting of members of the Save the Rail group and others who expressed an interest in freight rail. Some of the businesses in the area that had attempted to maintain faith with the freight rail service encountered so many frustrations that they did not continue.

That scenario has now changed. Many new private operators are now opening up opportunities that did not previously exist to improve the flexibility and efficiency of the service. This week we received the good news that Menlo Worldwide, an international transport company, would begin transporting timber in containers from Armidale to Sydney to be shipped overseas. That company has secured a lease for the goods yard at the station. I place on the record my thanks to the office of the Minister for Transport Services for expediting that process, which was appreciated by the company. At present it is installing the necessary equipment to begin, within a fortnight, a weekly service to transport 25 to 30 containers to Sydney. That is welcome news.

The plan is to increase that service to a twice-weekly service within a short period. Timber will be delivered to Armidale railway station from around the New England region by road transport, and six people will be employed in Armidale to handle the timber, prepare it for containers, and load it with new equipment that is currently being installed. As I said earlier, I was asked to assist the company. The Minister's office responded immediately to my representations. The company has asked me to place on record its thanks to the Minister's office for expediting that matter. After speaking to Menlo Worldwide representatives, I established that the company is actively seeking to extend its freight rail operations into other areas. It is also looking to transport other suitable products on the rail line.

The company is keen to build its regional links and, with its experience in road, rail, air, and sea transport, it has the flexibility to employ the intermodal model that is successfully used in the United States of America. A company representative told me he regarded it as a waste to have such underutilised and expensive rail infrastructure—sentiments that have been echoed in this Chamber. Concern has been expressed about the maintenance of the line and rail bridges to ensure the current infrastructure is capable of carrying the heavy loads involved in these new operations.

In light of the many inquiries I have received regarding rail freight services from other local businesses I would like to have a commitment from the Government to maintain and upgrade the line and rail bridges to ensure we take advantage of opportunities as they arise. People will use this service if the line can be maintained and upgraded and the appropriate infrastructure installed. We have to be able to restore faith in this rail freight system. Rail freight and road transport are regarded as complementary, and companies are looking at the efficiencies they can achieve through using both modes for their operations. That should be acknowledged.

The rail freight working group formed in Armidale has been involved in this new initiative, as has the Armidale Dumaresq Council. The chairman of the group, Kevin Dupe, has put forward a brief to secure funding of \$20,000 for a freight rail feasibility study. We anticipate that this funding will be forthcoming and that the project will be able to move ahead to research the successes and failures of rail freight operations in other parts of the State, the infrastructure, and other requirements of companies seeking to operate on the Armidale to Sydney line, and the potential business that can be generated in the local area. There is no doubt that rail

networks in the regions must be better utilised. As new operators look for opportunities and cost savings through interlinking road and rail transport in the regions, it is important that the Government play its role by ensuring that no future opportunities are lost because infrastructure is not up to scratch. We are certainly doing our bit in the Northern Tablelands to attract freight business back onto rail, and it is pleasing to report this early success to the House.

PUBLIC HOUSING

Ms CLOVER MOORE (Bligh) [5.59 p.m.]: There is a crisis in public housing and I call upon the State and Commonwealth governments to make a long-term commitment to maintaining public housing and expanding affordable housing. A report by the Australian Housing and Urban Research Institute [AHURI] warns that the public housing system may collapse in 10 years if there is not urgent Government action. From 1991 to 2001 operating income in New South Wales fell by 15 per cent, the biggest drop of all States, while operating expenditure grew by 41 per cent, producing a massive \$250 million deficit. The report found that State governments have decreased capital expenditure by 25 per cent to offset the increased cost of providing public housing, with New South Wales public housing stock declining from 6.2 per cent of total housing stock in 1994 to 4.7 per cent in 2001.

The AHURI report says that without additional funds the Department of Housing will have to progressively sell public housing, forcing more people into the private rental market. Between 1991 and 2001 priority applications for people in crisis rose from 20 per cent to 40 per cent of new tenants, and the proportion of tenants getting rent rebates rose to 90 per cent. That increased targeting of housing to people most in need and the trend to single-person households has reduced overall public housing rental income. While income fell, maintenance costs increased, with a backlog of \$600 million. I have strongly lobbied for the Government to respond to existing tenants' needs by improving repairs and maintenance. The failure to acquire new public housing stock—in the face of ongoing Commonwealth funding cuts—has left 81,000 applicants on the waiting list. Those households face rapidly rising house prices and increased demand for, but decreased supply of, low-cost housing.

In the past two decades house prices have risen faster than incomes, precluding home ownership for low to middle income earners, particularly in Sydney. From 1986 to 1996 the home purchase rate dropped by 10 per cent for 25-year-olds to 44-year-olds, and that trend continues. The Affordable Housing National Research Consortium found that home purchase was out of reach for low income private Sydney renters in June 2000. The crisis has worsened and Shelter New South Wales now says that middle income earners are locked out of the housing market. AHURI identified that the Commonwealth Government's first home owners grant helps younger, middle income households gain entry to the housing market earlier rather than helping those excluded from the housing market to gain entry. The recently announced removal of stamp duty for first home buyers is unlikely to help low-income households.

Shelter New South Wales reports a 28 per cent decrease in private rental stock for people on the lowest income level. The Commonwealth Rent Assistance Scheme is not adequately compensating for the lack of affordable rental housing, with one-third of recipients in housing stress. AHURI found that rent assistance is up to 20 times less efficient than public housing in eliminating housing stress. The erosion of affordable housing is especially severe in inner Sydney. The former South Sydney City Council's affordable housing plan referred to increasing social polarisation due to the "booming inner city housing market". It reported that 69 per cent of South Sydney renters were in housing stress in 1999 and that the median rental for one-bedroom accommodation increased 35 per cent from December 1996 to June 2002. Affordable, appropriate housing is essential to a civil society and the social and financial cost to government of not addressing the crisis in affordable housing is great.

The Council of Social Service of New South Wales and Shelter have raised concerns that the recent property tax changes risk increasing private rents. The Government should ensure that there are land tax exemptions for investors in low-rent housing and it should protect tenants from rent increases that landlords blame on the tax changes. In February I wrote to the Premier calling on the Government to give tax credits to providers of low-rent housing, to be funded from the estimated \$4.27 billion raised by the New South Wales Government through stamp duty in 2003-04. I have also asked the Government to set mandatory affordable housing targets for housing developments, which would require a mix of low-income and other affordable housing and prevent the development of well-off "gated communities" and "poverty trap" suburbs at the other extreme. That would also ensure that inner-city blue-collar workers could continue to live near their work, rather than commuting miles from more affordable suburbs.

The crisis in public housing is untenable, yet no new funds were allocated to public housing in the recent mini-budget. I strongly support the call by the Senate poverty inquiry for increased State and Commonwealth funds to maintain and expand public housing and to review the effectiveness of rent assistance compared with public housing. I call on the New South Wales Government to increase funding to public housing, introduce low-income housing tax benefits, set mandatory affordable housing targets, and lobby the Commonwealth Government to support public housing.

Private members' statements noted.

[Mr Acting-Speaker (Mr Paul Lynch) left the chair at 6.04 p.m. The House resumed at 7.30 p.m.]

**TRANSPORT ADMINISTRATION AMENDMENT (NEW SOUTH WALES AND
COMMONWEALTH RAIL AGREEMENT) BILL**

In Committee

Consideration of the Legislative Council's amendments.

Schedule of amendments referred to in message of 5 May

No. 1 Page 17, Schedule 1 [13]. Insert after line 11:

- (3) Without limiting subsection (1), an agreement must contain provisions requiring ARTC to facilitate compliance by the rail authority with any industrial awards or agreements applicable to members of staff temporarily placed with ARTC under this Division.

No. 2 Page 17, Schedule 1 [13], line 19. Insert ", if the information is relevant to the exercise by ARTC of its functions in respect of members of staff temporarily placed with it or to workplace safety or the safety of the NSW rail network" after "ARTC".

No. 3 Page 18, Schedule 1 [13]. Insert after line 8:

- (7) A rail authority must, in taking into account and acting on the basis of any disciplinary or other action taken by ARTC as referred to in subsection (6), have regard to any matters raised by the member of staff in relation to that action at the time that action was taken.
- (8) The Public Employment Office may, from time to time, issue guidelines (not inconsistent with this section) for or with respect to the following matters:
 - (a) the matters to be taken into consideration by the chief executive of a rail authority in respect of the temporary placement of members of staff with ARTC under this section,
 - (b) requirements relating to the obtaining of consent to placement of members of staff with ARTC at a lower level of remuneration,
 - (c) the exercise by a rail authority of a power of dismissal of a member of staff as referred to in subsection (6).
- (9) A rail authority and the chief executive of a rail authority must have regard to any applicable guidelines issued by the Public Employment Office under this section.

No. 4 Page 18, Schedule 1 [13]. Insert after line 9:

Public Employment Office means the Public Employment Office constituted by the *Public Sector Employment and Management Act 2002*.

No. 5 Page 18, Schedule 1 [13], line 18. Omit "an unspecified period". Insert instead "a specified minimum period".

No. 6 Page 19, Schedule 1 [13], lines 1–17. Omit all words on those lines. Insert instead:

- (2) Nothing in subsection (1) affects the functions and liabilities of a transferring rail authority, or a director or a person concerned in the management of a transferring rail authority, in respect of a temporary member of staff of ARTC under the *Occupational Health and Safety Act 2000* or any employer liability legislation.

No. 7 Page 20, Schedule 1 [13]. Insert after line 36:

- (5) Nothing in this section permits a regulation to be made that has the effect of:
 - (a) removing from a transferring rail authority the obligation to have and maintain in force an insurance policy, or to be a self-insurer, under the Workers Compensation Acts in respect of any of its employees who are temporary members of staff of ARTC, or

- (b) removing any liability of any such transferring rail authority in respect of injury to a temporary member of staff of ARTC under those Acts or that exists independently of those Acts.

No. 8 Page 26, Schedule 1 [24], line 16. Insert "or rail infrastructure facility" after "railway building".

No. 9 Page 27, Schedule 1. Insert after line 29:

[33] Schedule 6A, clause 2E

Insert at the end of the clause:

- (2) Subclause (1) does not permit ARTC to extend or expand rail infrastructure facilities.

No. 10 Page 27, Schedule 1. Insert after line 32:

[34] Schedule 6A, clause 3 (1) (b)

Insert "or facility" after "building".

No. 11 Page 28, Schedule 1 [34], line 9. Insert "or rail infrastructure facilities" after "buildings".

No. 12 Page 28, Schedule 1 [37], line 20. Insert "and rail infrastructure facilities" after "buildings".

No. 13 Page 28, Schedule 1 [38], line 23. Insert "or rail infrastructure facility" after "building".

No. 14 Page 29, Schedule 1 [41], line 8. Insert "or rail infrastructure facility" after "land".

No. 15 Page 29, Schedule 1 [42], line 12. Insert "or rail infrastructure facility" after "building".

No. 16 Page 29, Schedule 1 [43], line 15. Insert "or rail infrastructure facility" after "building".

No. 17 Page 29, Schedule 1 [45], line 19. Insert "or rail infrastructure facility" after "building" where secondly occurring.

No. 18 Page 29, Schedule 1 [47], line 25. Insert "or infrastructure owner" after "building owner".

No. 19 Page 29, Schedule 1. Insert after line 25:

[48] Schedule 6A, clause 6 (1)

Insert "or facility" after "enter the building".

[48] Schedule 6A, clause 6 (1) (a)

Insert "or facility" after "entry to the building".

No. 20 Page 30, Schedule 1 [49], line 7. Omit "is the building owner". Insert instead "or rail infrastructure facility is the owner of the building or facility".

No. 21 Page 30, Schedule 1 [50], line 11. Insert ", infrastructure owner" after "land".

No. 22 Page 30, Schedule 1. Insert after line 21:

[54] Schedule 6A, clause 7 (5)

Insert ", facility" after "value of the building".

No. 23 Page 31, Schedule 1 [57], line 5. Insert "(as amended by this Schedule)" after "7 (8)".

No. 24 Page 31, Schedule 1 [57], line 6. Omit "building". Insert instead "facilities".

No. 25 Page 31, Schedule 1 [58], line 11. Insert "or rail infrastructure facility" after "land".

No. 26 Page 32, Schedule 1 [63], line 2. Insert "or a rail infrastructure facility" after "building".

No. 27 Page 32, Schedule 1 [64], line 4. Insert "or rail infrastructure facilities" after "buildings".

No. 28 Page 32, Schedule 1. Insert after line 6:

[66] Schedule 6A, clause 8 (3)

Insert "and facilities" after "buildings" wherever occurring.

No. 29 Page 33, Schedule 1. Insert after line 14:

[78] Schedule 6A, clause 10 (2)

Insert "or rail infrastructure facility" after "a building".

No. 30 Page 34, Schedule 1 [89], lines 20–24. Omit all words on those lines. Insert instead:

- (1A) If ARTC is a party to a dispute and the dispute has not been resolved as referred to in subclause (1), the dispute is to be referred to arbitration, unless the parties agree to submit the dispute to the Minister under this clause. The *Commercial Arbitration Act 1984* applies to any dispute referred to arbitration.

No. 31 Page 35, Schedule 1 [91], line 2. Omit all words on that line. Insert instead:

Omit "with respect to entry into operator buildings".

No. 32 Page 37, Schedule 1 [95], line 14. Insert ", use or occupy" after "enter".

No. 33 Page 38, Schedule 1 [97], line 17. Insert "or rail infrastructure facilities" after "buildings".

No. 34 Page 38, Schedule 1 [97]. Insert after line 18:

- (a1) requirements to be observed between infrastructure owners, building owners and railway land owners with respect to access by infrastructure owners and building owners to railway land and management of that access,

Mr GRANT McBRIDE (The Entrance—Minister for Gaming and Racing) [7.30 p.m.]: I move:

That the Legislative Council's amendments be agreed to.

Mr PETER DEBNAM (Vaucluse) [7.30 p.m.]: We do not oppose the amendments.

Motion agreed to.

Legislative Council's amendments agreed to.

Resolution reported from Committee and report adopted.

Message forwarded to the Legislative Council advising it of the resolution.

FILMING APPROVAL BILL

Second Reading

Debate resumed from 5 May.

Mr MICHAEL RICHARDSON (The Hills) [7.33 p.m.]: I lead for the Opposition on the Filming Approval Bill. Members on this side of the House value the film industry and its contribution to the economy of New South Wales. We initially proposed that Fox Studios take over the old showground site at Moore Park. The Minister for the Arts in the Fahey Government, Peter Collins, got the ball rolling on that issue. We also believe very strongly that the film industry is a very good way to promote our State and country. Indeed, the Olympics provided the world with a terrific window to Australia, and did an enormous amount to increase the tourist trade to our city and State, which the film industry is perpetuating. More recently, Peter Jackson has had success with his trilogy *The Lord of the Rings*, which was filmed in New Zealand. It has done an extraordinary amount to promote that beautiful country to the world. In fact, it may have taken some tourists away from this country. We very much appreciate the contribution that the film industry makes to the economy of our State.

The circumstances that led to the introduction of this bill do not give the Carr Government much credit. They tend to tarnish its green credentials and paint it as incompetent in finding locations for the film industry, and establishing certainty for a film that would have injected something like \$60 million into the economy of New South Wales. The film that led to this legislation was *Stealth*, which is a film about a rogue stealth fighter plane and efforts to get it back. One scene was to have been shot at Mount Hay in the Grose wilderness area. Both Rob Cohen, the director, and Dean Semmler, the cinematographer, were highly enthusiastic about the location. In fact, Dean Semmler visited the location four times. They undertook an expensive and extensive review of environmental factors to ensure that the location could be utilised for the film.

I visited Mount Hay two weekends ago at the invitation of the Blue Mountains Conservation Society. I thank Les Coyne, Allan Harris and Ron Withington for their help, and also David Noble and Simon Nally of the National Parks and Wildlife Service for their assistance at the site. Mount Hay is at the end of a fairly rough 15-kilometre dirt road. It is a spectacular part of the world and one that I would highly recommend honourable members visit. At the end of the road is a car park and a track leading west of the car park along a ridge line

towards Mount Hay. There are hanging swamps on either side of this ridge and the southern one is a couple of hundred feet below the ridge line where filming was to take place. A significant raised decking structure, airlifted in by helicopter, had been built immediately adjacent to the swamp. The plan was to connect a cable between truss sections near this structure, and another on top of the ridge, and to run a camera known as a Spydercam between the two across an area of sloping heath land. This computer-controlled camera—a marvellous piece of technology—can simulate the viewpoint of a bird in flight or, indeed, a bullet zooming towards its target. A six metre by six metre helipad had been built to accommodate the helicopter, but had been dismantled by the time I arrived.

The conditions of consent for this site were quite onerous, as one would hope, given that this was in a designated wilderness area. Some of the conditions of consent were as follows: Access to the swamp must be via the traditional access route identified by Department of Environment and Conservation [DEC] staff and marked with flagging tape instead of the route proposed in the review of environmental factors [REF]; the applicant must contribute to the cost of stabilising the additional access track; the placement of platforms and decking must be undertaken in consultation with DEC staff; the boundaries of the activity must be clearly marked; only actors, DEC staff and any person approved by DEC staff are allowed within the swamp; anyone within the swamp must wear soft and flexible-sole shoes, such as Dunlop Volleys; and shoes and clothing must be free of soil and vegetative matter.

Further conditions of consent were as follows: No rehearsals are to occur within the swamp; after each take the actors must remain in situ until it is decided whether a further take is required; if a further take is required a Department of Environment and Conservation staff member will assess any damage from the take and either direct the actors to utilise the same line or to move to a line parallel to the previous line, both in respect of returning to the commencing location and to the next take; and the film company had to fund a threatened species officer from the Department of Environment and Conservation at the rate of \$50 an hour for the duration of the activity. Given the way in which the Premier claimed the film industry throws money around, one would have thought that was a bargain. From what I have said, it can be seen that some very onerous conditions of consent were placed on filming in this area.

On 30 April the Premier told Angela Catterns in a 2BL radio interview that this was "an authentic location" and that this location "gives the film the immediacy, the reality, the authenticity they want" and that "the experts have determined that's where they film an escape through a North Korean landscape". One can imagine how the Premier would have flayed any Opposition member had we said anything so ridiculous. What are we talking about—North Korea with gum trees? Clearly, there were alternative sites that could have been utilised for the filming of this climactic scene in *Stealth*. The Colong Foundation for Wilderness identified some 30 alternative sites that may have been suitable, including in the Newnes State Forest.

Having visited the site myself, I could have nominated a number of other areas that could have been utilised, because the film crew was not filming the very spectacular scenery of the deep gorges and so on at Mount Hay in the Grose wilderness area; they were filming a shot that looked back up heathland to a ridge line. And, if you are only filming heath land you do not really need to go into the middle of a wilderness area to do so. However, the cinematographer and the director, having both visited the location, said, "That is where we want to film the climactic scene." Indeed, I think they were entitled to suggest that, given that it was the National Parks and Wildlife Service that had identified the location, and actually led them to the location. It was this Government that said they could use that location, and it was this Government that put a \$130 million investment at risk as a consequence. That is absolutely disgraceful. The Premier also said:

It would take a lot to persuade me to do anything that would degrade a National Park.

However, what was proposed was that more than 70 people should be filming over a number of days at this location, which just happens to be home to two endangered species: the giant dragonfly, *petalura gigantea*, and the Blue Mountains water skink, *eulamprus leuraensis*. Lest it be thought that this is a laughing matter, the numbers of the giant dragonfly, which has a wing span of up to 130 millimetres, according to the New South Wales Scientific Committee, have been reduced to such a critical level, and its habitats have been so drastically reduced, that it is in imminent danger of extinction. So possibly 70 to 150 people would be traipsing through this swamp—where we know, from a review of environmental factors, this dragonfly has been found—potentially killing or destroying valuable habitat for this insect. The dragonfly does not recover very easily. The larval stage lasts from 10 to 30 years, and the larvae do not actually live in water; they live in burrows in the banks and are opportunistic feeders, coming out of their burrows to grab little insects and other passing creatures. They are very vulnerable to loss of habitat.

The Blue Mountains water skink is not in danger of extinction, but it is an endangered species. It has a very restricted range of habitat. It is restricted primarily to the Blue Mountains, as the name suggests. It is currently known from 30 locations, extending from the Newnes Plateau in the north and west, to just south of Hazelbrook in the south and east. It is a high-elevation species, and is found only in isolated and naturally fragmented habitat of sedge and shrub swamps that have boggy soils and appear to be permanently wet. This also is an endangered species, and one that the world may lose if we are not very careful. The Premier said in his interview with Angela Catterns that:

... truly sensitive sites where there is any chance of a risk to an endangered species would not be an area we would allow film-making in.

Once again, the Premier would have flayed any Opposition members who had said something so ungrammatical, but those are his words. He subsequently effectively admitted that he had not visited the location. When a listener asked him whether the producers had cleared off some of the land in the park by burning off, he said:

I don't think it is, no.

Again, those are the Premier's words. If he had visited the site he would have known that no burning off had taken place and that indeed that could never have been allowed in any national park for filming purposes, let alone in a wilderness area. So here we have a Premier who prides himself on his environmental credentials but who not only was prepared to countenance filming in a wilderness area, contrary to the Wilderness Act that he brought into this Parliament in 1987, but who actively supported and encouraged breaking the law. The morning of that interview the Premier's brief was faulty in yet another area. He claimed that there would be no explosions at Mount Hay and that:

They achieve those sorts of effects by pre- and post-production.

They do not. According to the review of environmental factors, they were going to simulate explosions of bullets hitting rocks and so on: little explosives were to be sitting on the rock, with some powdered cork that would be thrown up when the explosion was triggered. There would also have been activity of a similar nature in the swamp area where the endangered species are found. I think it is right that we should put out the welcome mat to the film industry—but not at any cost. It clearly is not appropriate for filming to take place in any and every part of our vast national park estate—a point that the Premier himself conceded in that same interview on 2BL.

Justice Lloyd of the Land and Environment Court, who found against *Stealth* and found filming could not continue at Mount Hay, was very definite in his judgment. He said that wilderness is sacrosanct. He based the judgment on the following line of reasoning. First, he did not believe that the production of a commercial feature film is provided for in the objects of the National Parks and Wildlife Act, nor in the management principles laid down in section 30E and section 5 (5) of the Act, which refer to "provision for sustainable visitor use and enjoyment, including appropriate public recreation". Second, section 151B of the Act enables the Minister to grant three-day licences over land within a national park, but only if the land is a modified natural area, which Mount Hay most certainly is not. Third, section 153A of the Act specifically forbids the Minister or director-general from granting a licence "in respect of land that is within a wilderness area".

And, fourth, Justice Lloyd pointed out that the consent was said to have been granted pursuant to clause 20 (1) (d) of the National Parks and Wildlife Regulation 2002, which states that a person must not take a photograph, video, movie or television film for sale or hire or profit except with the consent of a park authority. However, a regulation cannot be inconsistent with the Act, and clearly allowing commercial filming in a wilderness area was forbidden by the Act. The judge also held that the proposed activity contravened section 9 of the Wilderness Act, and was inconsistent with the National Parks and Wildlife's own filming and photography policy. That was the bottom line of the judgment. The proponent held that what was happening was no different from allowing a sporting event within a national park. The judge said:

While this may be a regular occurrence within a national park I am unaware of any sporting event within a declared wilderness area. Such an event would clearly be contrary to section 9 of the Wilderness Act.

Honourable members probably would agree that the judgment was cast iron and that the Minister was clearly acting *ultra vires* when he or the other person to whom he gave delegated authority—Simon Smith, Deputy Director of the National Parks and Wildlife Service—gave permission to film at Mount Hay. The question is whether what has happened warrants the introduction of this legislation. The week the film company shooting

Stealth was told that it could not continue to film at Mount Hay the Premier said he would introduce legislation to ensure that the filming could go ahead. Honourable members have heard the judgment. The film company probably took legal advice to the effect that an appeal in the Supreme Court was unlikely to succeed. When I spoke to representatives from the company they made it clear that they could not continue to pay \$500,000 a day to wait indefinitely for an uncertain outcome.

The film company needed to get on with the job. It had a schedule, which included filming in Thailand and elsewhere. It was important that it completed filming in the Blue Mountains and moved on. The Premier's claim that he would introduce legislation to ensure that filming would go ahead if the Supreme Court found in favour of the applicant, the Blue Mountains Conservation Society, was nonsense. I hark back to November last year when the Government introduced legislation to allow the waste company Collex to set up a waste transfer station at Clyde, overriding the decision of the Land and Environment Court. It seems that any time the Land and Environment Court hands down a decision that the Premier does not like, he is prepared to legislate to overturn it. But that is not the way the system works, nor should it be. In a sense it is contrary to the separation of powers.

According to the Minister, the Government introduced the legislation because the Land and Environment Court specifically drew attention to doubts about the power to approve the making of any commercial feature film in any national park or reserve, whether or not the land in question is in a declared wilderness area, and because the court had drawn attention to doubts about the power to approve the making of any commercial film in a wilderness area that requires exclusive use of the area in question. However, others have not drawn those same conclusions from the judgment. The Act forbids, and has always forbidden, the making of a commercial film in a wilderness area. It is unnecessary to introduce legislation to make that clear. I do not believe that Justice Lloyd said commercial filming could not go ahead in a national park or reserve. The conservation movement has never challenged the filming of feature films under properly controlled conditions in national parks that are not wilderness.

What is the rationale behind the Government's introducing the legislation? Is it, as the Minister said, because of doubts about the power to approve the making of any commercial feature film in any national park or reserve? Or is it because the Premier went public and, talking tough, said, "We're going to legislate to overturn any decision the Supreme Court comes up with that runs contrary to the filming of *Stealth* at Mount Hay"? I would hope that is not the case, but I suspect it may well be another example of the Premier saving face. The bill is quite brief. The conservation movement is concerned about clause 4, which sets out conditions for approving filming in designated areas, in other words in national parks, and I suspect with good reason. Subclause (1) of clause 4 states:

A person proposing to carry out a filming activity in a designated area may apply to the relevant Minister for the area for approval to carry out the activity in that area.

Subclause (2) states:

The relevant Minister may, by order in writing, grant approval to any such applicant and such other persons as may be specified in the approval to carry out such filming activities in the area as specified in the approval.

Clause 4 allows the Minister to grant approval, but nowhere does it say that conditions must be applied. Subclause (6) states:

In determining whether to impose conditions on a filming approval to carry out a filming activity, the relevant Minister is to consider whether or not conditions should be imposed to ensure the following:

- (a) that the filming activity is carried out in a manner that minimises any adverse environmental impact on the area,
- (b) that existing roads, tracks, parks or other means of access to the area will be used by the approval holder wherever feasible,
- (c) that the location in which the filming activity is to be carried out is the minimum area that is feasible for the carrying out of such activity,
- (d) the period of time required to carry out the filming activity is limited to the shortest period that is feasible for the carrying out of the activity.

It is pretty clumsy drafting. I cannot quite understand why the Minister should have only to consider whether to impose these conditions. I would have thought it was absolutely axiomatic that before approval was given to carry out filming in a national park the film company would have agreed to all of those conditions, in particular

that the filming activity is carried out in a manner that minimises any adverse environmental impact on the national park. Subclause (3) of clause 4 states:

The relevant Minister for a designated area that forms part of a wilderness area within the meaning of the *National Parks and Wildlife Act 1974* may not grant approval for the carrying out of any filming activity in the area unless the Minister is satisfied that the activity is to be carried out for educational, scientific, research or tourism purposes.

The conservation movement is concerned that "tourism purposes" is not defined in the bill. One could easily argue, for example, that *The Lord of the Rings* has been the greatest promotional tool New Zealand has ever had and, therefore, anything could be approved provided it promoted the State of New South Wales or Australia. That matter must be clarified. Clause 5 confirms that development consent is not required for development relating to filming. However, part 5 of the Environmental Planning and Assessment Act will apply. The determining authority has to consider the effect of the activity on, for example, any plan of management adopted under that Act for the conservation area to which the agreement relates and any joint management agreement entered into under the Threatened Species Conservation Act 1995. The determining authority should consider the effect on activity in any wilderness area in the localities in which the activity is intended to be carried out.

The determining authority must also consider the effect of a critical habitat and, in the case of threatened species, populations, ecological communities and their habitats where there is likely to be any significant effect on those species, populations or ecological communities or on their habitats, and any other well protected native plants within the meaning of the National Parks and Wildlife Act 1974. That is fairly specific, but in his second reading speech the Minister said that review of environmental factors or an environmental impact statement would have to be carried out before filming approval could be granted.

This is a real problem for the film industry. I hold up for the benefit of the House the 2½ centimetre-thick review of environmental factors that was completed for Mount Hay. It is a substantial document. It has been explained to me that the film industry might want to secure within one month a location identified for filming. But there is absolutely no way that the necessary work for a document of this size could be completed within one month. When the Minister's adviser, Ted Plummer, came to see me, I mentioned this issue to him. He said that it is not a problem because in many instances a half-page document will suffice. I have obtained a copy of a proponent's guidelines issued by the National Parks and Wildlife Service for the preparation of the review of environmental factors. The guidelines document is not quite as thick as the REF to which I referred earlier, but it is a pretty similar sized document.

The issues that have to be considered in an REF include an eight-part test of significance to assess whether there is likely to be a significant effect on threatened species. There has to be consultation with the local council, adjoining landowners, leaseholders and the community. Consideration has to be given to the impacts on soil quality and land stability as well as impacts on watercourses and wetlands. A number of issues must be addressed, such as: Is the activity likely to change flood or tidal regimes? Does the proposal involve the use, storage or transport of hazardous substances? Biological impacts must be considered, such as: Is any vegetation to be cleared or modified? Does the activity have the potential to endanger, displace or disturb fauna or create a barrier to their movement? Is the activity likely to impact on an ecological community of conservation significance? Is the activity likely to have a significant effect on an endangered ecological community or its habitat?

For the last issue, an additional eight-part test of significance must be completed and attached to the review of environmental factors. The list goes on and on in some 80 pages of guidelines. If someone seeking approval is adept at fitting the Lord's Prayer onto the head of a pin, he or she would probably be able to condense a REF down to half a page, but I suspect that most people would not be able to do that. Indeed, carrying out the requirements of the National Parks and Wildlife Service guidelines would clearly take a lot longer than the time frame referred to by the industry. The Minister and the Government must address that issue. Clause 6 has really raised the hackles of the conservation movement. Subclause (1) states:

A filming approval authorises the approval holder to carry out in the designated area to which the approval relates any filming activity, in accordance with the conditions of the approval, that is specified in the approval even if the carrying out of that activity is prohibited or not permitted by or under:

- (a) the *National Parks and Wildlife Act 1974*, or
- (b) the *Wilderness Act 1987*, or
- (c) the *Marine Parks Act 1997* ...

I understand that members of the conservation movement intend to rally outside Parliament House as a consequence of clause 6. They believe that the provision will allow the approval to override all the Acts that are near and dear to their hearts. My advice is that the only Act that might be affected by that clause is the Marine Parks Act. The Minister might care to clarify that in his reply to the second reading debate. The Environmental Planning and Assessment Act covers the National Parks and Wildlife Act and the Wilderness Act. Part 5 of the Environmental Planning and Assessment Act thoroughly deals with those issues. I am led to understand that the purport of clause 8 appears in other legislation, but that legislation has not been pointed out to me.

Clause 8 allows the Minister to delegate his authority to "any member of staff of a government department, or ... any person, or class of persons, authorised for the purposes of this section by the regulations". Under this legislation, it would be possible for the Minister to delegate authority to a junior clerk in his department, or a trainee ranger, or perhaps a part-time cleaner, provided that he or she was on the payroll. I am not suggesting that the Minister would do so, but the legislation permits him to do so. I ask the Minister to clarify in his reply where such a broad-ranging power of delegation applies in other legislation. Clause 11 provides for the Act to be reviewed after five years. The Coalition believes that that is a sensible measure and we support it.

In conclusion, I reiterate that the Opposition strongly supports the film industry. In the United States the National Park Superintendent determines whether filming will be permitted to take place, and no specification for wilderness applies. In New Zealand, filming which involves the construction of large-scale sets in regional parks is possible. That is certainly what happened for *The Lord of the Rings*. As I understand it, artificial watercourses were set up to create the scenes of Rivendell. Honourable members who have seen the trilogy may recall those scenes. Sydney competes against those two countries for film and tourism dollars. The Minister should indicate whether he will agree to the construction of large-scale sets in national parks. The bill certainly provides for that, but whether the Minister regards that as appropriate in a national park should be clarified.

The Coalition not only supports the film industry but also supports conservation and the rule of law. Conservationists and representatives of the film industry have concerns about the bill. I believe that the same results sought to be obtained by this bill could have been achieved by amending the objects of the National Parks and Wildlife Act to make it clear that commercial filming is a sustainable activity in a national park. I do not think there is any need to legislate to clarify that filming in wilderness areas is illegal: The decision by Justice Lloyd has made that abundantly clear. This bill has all the hallmarks of rushed legislation. The Opposition does not intend to oppose the bill but suggests that it might well be better for the Government to withdraw it and reintroduce it when it represents a more workable solution to the problem that has been created by the decision against filming in wilderness areas of Justice Lloyd.

Mr ALAN ASHTON (East Hills) [8.06 p.m.]: I am pleased to participate in debate on the Filming Approval Bill. New South Wales is fortunate to have a range of landscapes within our national parks that are diverse and spectacular. Our protected areas attract millions of visitors each year and increasingly our parks are coming to the attention of film-makers as both subject matter and locations for film projects. The people of New South Wales can be proud of the fact that they own places of such stunning visual power, and that the best Australian and international film-makers wish to capture that beauty. New South Wales is the centre of the Australian film industry: Most of the projects, expenditure and employment are located here. Sydney is a major film-making capital on the world map. Indeed, the Film and Television Office advises that the availability of locations in the national park estate has resulted in New South Wales securing films and television commercials that otherwise would have been made elsewhere.

Honourable members may be aware that in the United States, American actors have been bagging the Australian film industry because they believe that it costs Americans jobs. It is well known that film-making in New South Wales offers great advantages to film-makers. The recent decision in the Land and Environment Court regarding the consent for filming of the movie *Stealth* in the Blue Mountains National Park has cast doubt on whether the production of a commercial feature film is permissible in a national park. The Filming Approval Bill aims to create certainty by giving the Minister for the Environment clear power to authorise the making of a film within the national park estate, subject to strict conditions to protect the environment. A similar power will apply to filming in a marine park. Commercial filming will not be permitted in a declared wilderness area unless the film is for scientific, research or educational purposes, or for the promotion of tourism. This is a necessary and sensible protective provision ensures that important conservation objectives are balanced with the needs of the film industry.

In conjunction with the Department of Environment and Conservation's filming and photography policy, the bill will provide clear and consistent guidelines to ensure that filming activities within our national park estate are environmentally responsible. The Government recognises the importance of conserving our natural and cultural heritage and sustaining the environment for the appreciation and enjoyment of current and future generations. The Carr Government has always done so. This has been demonstrated through the careful management of our national park estate, which benefits from revenue derived from commercial filming to fund heritage conservation projects across the State.

In the past financial year the Department of Environment and Conservation earned \$188,510 in revenue from commercial filming. This is not to say that film producers will get the green light to film everywhere and anywhere—in fact, quite the contrary. For example, the Department of Environment and Conservation set clear guidelines for the makers of *Mission: Impossible II*, which involved community consultation, meetings with the local Aboriginal land council and adhering to specific guidelines relating to the protection of the environment and historic heritage while filming. Indeed, the production team was more than happy to comply with those requirements—a commitment to conserving our heritage, which means that filming in national parks is not a mission impossible. That film was seen by millions of viewers worldwide, a true international showcasing of the Sydney landscape. Visitation to the on-park locations associated with the film, such as Bare Island Fort, have increased since the film was made and have been carefully managed through guided tour programs, which also educate the public about the natural and cultural values of the area.

Water Rats, an example of a serial television production, was filmed on Goat Island in Sydney Harbour National Park. As part of that production, contributions were made towards the maintenance of historic buildings on Goat Island. The provision of *Water Rats* tours increased visitation to the island, and raised the public's awareness and appreciation of national parks. The production also offered opportunities for actors. At the moment there is a frenzy to film reality television shows, which have little to do with reality and do not provide real work for Australian actors, directors or producers. I understand that the Department of Environment and Conservation refused permission for the filming of a \$30 million Hollywood production within the highly significant and sensitive Towra Point Nature Reserve. The wetlands that are protected within that reserve are internationally recognised through listing under the Ramsar Convention and the reserve is home to a number of migratory bird species that are protected under international agreements. However, in refusing permission the department was able to draw the filmmaker's attention to an adjacent site, which suited his requirements perfectly without needing to enter the nature reserve.

Filming in national parks is not all moviemaking. A number of important educational documentaries have been shot within New South Wales national parks. *Wild Australasia*, an acclaimed nature documentary series, was partially filmed in New South Wales national parks. The series attracted up to 1.4 million viewers in Australia alone and was also screened internationally. *Southern Exposure* was a fascinating four-part series screened by the ABC, which followed a number of the Department of Environment and Conservation's management issues in Kosciuszko National Park, including wild dog and wild horse management, park management works, and search and rescue in the high country. That series was not only education-based but was a valuable vehicle to promote public appreciation of the park's values and of park management functions.

Filming in our national park estate is also important for regional tourism. Many tourists visit the Blue Mountains and experience the spectacular IMAX film, *The Edge*, which showcases the vast wilderness of the Blue Mountains and Wollemi National Parks. The film enables tourists to gain an insight into the spectacular, wild and scenic values of that world heritage area without them having to trek into the park. Other important tourism initiatives that have included filming in national parks includes the *Feel Free* New South Wales tourism promotion and even in-flight tourism videos shown by major international airlines. Millions of people around the world can develop an appreciation of our national park estate and their environmental values through film, even if they will never visit those areas.

National parks offer diverse and unique landscapes across the State, from harsh desert terrain around Tibooburra and Broken Hill—where one of the *Mad Max* movies was made many years ago—to lush green rainforests and waterfalls at Dorrigo National Park. Filming allows us to showcase those amazing natural and cultural aspects of our State to a wider audience, which encourages people to seek those experiences as visitors. That allows us to educate a wider audience about our natural and cultural history, and the importance of conservation. This bill is an essential step in ensuring that this valuable filming in national parks may continue. I commend the bill to the House.

Ms CLOVER MOORE (Bligh) [8.13 p.m.]: I oppose the Filming Approval Bill. The bill is designed to facilitate commercial filming in national parks, wilderness and marine park areas. This bill gives full

discretionary power to the Minister for the Environment to approve commercial filming in national parks and wilderness areas. It shockingly overrides all existing legislation designed to protect conservation areas. Under this bill, filming will be approved on the basis of the category of film, rather than the level of environmental impact. It favours filming interests above the environment. There is no obligation for the Minister for the Environment to abide by existing legislation such as the National Parks and Wildlife Act, the Wilderness Act, the Threatened Species Conservation Act and the Marine Parks Act. Such overriding and discretionary powers to the Minister create a significant threat to conservation areas.

The bill sets up an undemocratic, conflict approach to filming in conservation areas. There are no community appeal rights. If the community opposes an approval by the Minister there is no legal recourse. I am concerned that the bill will create further pressure for commercial activities to seek similar provisions for their operations also. The bill potentially opens up a range of commercial activities in national parks under the discretion of the Minister. It is sad that this bill has been introduced, because there is no need to establish new legislation: current legislation is adequate. The National Parks and Wildlife Act currently allows filming in national parks, as long as it abides by the Act and is in keeping with park values. How could any member of this Parliament challenge that? Numerous films, such as *The Edge*, *The Man from Snowy River* and *Lantana* were shot in national parks using appropriate, existing controls.

Environmental groups—including the Blue Mountains Conservation Society, the Colong Foundation for Wilderness and the National Parks Association—have contacted me expressing their strong concerns about the bill. The recent incident involving *Stealth* was unlawful and it should remain illegal to risk wilderness areas. There is no provision for a licence under the National Parks and Wildlife Act in a wilderness area. The Government was responsible for the recent *Stealth* controversy because it did not abide by its own laws and properly educate the film industry. The Department of Environment and Conservation granted an illegal licence to film in a wilderness area and told Talons Productions that the proposal was legally permissible. The department provided wrong information: filming is not allowed in wilderness areas. The whole incident could have been avoided if the Government had properly abided by its own laws and advised Talons Productions correctly.

The advice was too late. The department issued the final approval for consent the day before Talons Productions was due to start filming operations on 26 April 2004. Talons Productions should have received its approvals well in advance of operations, especially for a controversial film shoot in the wilderness. Talons Productions should also have had a contingency so that \$500,000 per day was not lost. Justice Lloyd of the Land and Environment Court found, "The governing consideration in the present case is that declared wilderness areas are sacrosanct." That is a proper finding. The Department of Conservation, Talons Productions and the Minister for the Environment shockingly lodged an appeal to overturn that sound judgment. The Premier announced that if the appeal was not successful, he would introduce special legislation to override it. The whole incident was breathtaking—incompetence followed by the intention to overturn legislation set up to protect wilderness. The film company soon found another location in the Blue Mountains, which was not at all surprising, and the appeal was withdrawn. This bill is not only wrong, but unnecessary.

Only 2 per cent of New South Wales is wilderness, so prohibiting filming in wilderness does not present a threat to the film industry. There are four million hectares of national parks outside wilderness areas, where commercial filming is allowed under the National Parks and Wildlife Act. It will be possible to find suitable filming sites within those areas that do not threaten or impact on significant wilderness areas, world heritage or endangered species habitat. Filming and environmental protection of wilderness areas are not mutually exclusive. I support the film industry and the selection of suitable sites should be conducted in consultation with government and the community and in areas with little threat to significant conservation areas. Environment groups and the general community have no intention to disrupt the film industry, about which we are all very proud, or to drive it out of national parks. The Government has exaggerated the impacts to the film industry of the recent *Stealth* controversy in an attempt to dissolve environmental protection controls for filming.

I call on the Government and the Minister to work in consultation with both the film industry and the community to explore suitable filming sites, rather than set up an adversarial approach. Filming is currently allowed in national parks so there is no need for new legislation that allows filming in high conservation areas such as wilderness and endangered species habitat. I call on the Premier and the Minister to commit to the protection of wilderness and conservation in national parks by supporting the current legislation and withdrawing this bill.

Ms LINDA BURNEY (Canterbury) [8.19 p.m.]: The Filming Approval Bill was introduced to allow filming within the national park estate and in marine parks, subject to the imposition of strict environmental conditions. I have received in my office a number of emails from people who are opposed to this bill. I am astounded by the hysteria surrounding this bill and the misinformation that has been peddled about it. This Government strongly supports the development of the New South Wales film and television industry, which is worth \$4 billion a year to the State economy. National parks, with their unique diversity and stunning landscapes, are a key factor in attracting both Australian and international film industries to New South Wales.

The Government is of the opinion that filming is an appropriate activity within our national park estate. The Minister for the Environment said earlier in debate that this issue is not new. Many of the iconic films and television shows that we watch have been filmed in our national parks and there has been no major outcry about that. Filming that is permitted in the national park estate or in marine parks will be subject to strict environmental conditions. This bill has been carefully drafted to enable filming to take place within these special places in certain circumstances, whilst ensuring that environmental protection is paramount. We should sit back, take a deep breath, take a minute to reflect on our track record and remember that the Minister for the Environment said that this activity is not new. We have been careful to ensure that we protect our national park estate and marine parks.

A quick look at the Carr Government's track record in the establishment of national parks and reserves reveals just how ludicrous is the hyperbole and hysteria that have been peddled by Opposition members about the devastating effect that this bill will have. Let me outline how this bill will ensure no such outcome. The Minister or his or her delegate will have the power to impose appropriate conditions when issuing film approvals. That may include imposing conditions to ensure that filming activities are carried out in a manner that minimises or eliminates adverse impacts on the natural or cultural values of an area and existing means of access are to be used, where feasible. In addition, the area and the period during which filming is to be conducted may be restricted. Opposition members believe that we are prepared to compromise this Government's fine track record in relation to the protection of national parks in order to make a quick dollar.

Filming proposals will be subject to an environmental impact assessment under part 5 of the Environmental Planning and Assessment Act 1979. That means that the Minister will require the preparation of a review of environmental factors or, if needed, an environmental impact statement, which are fairly high bars to jump. The bill will ensure that the special values of wilderness are protected as filming will be allowed in these areas only for scientific and educational purposes, or for the promotion of tourism, and they will be subject to the strict environmental conditions that I mentioned earlier. Even then the activity will have to be consistent with the wilderness values of a particular area. Let us reflect on that for a moment. It would be disastrous if we were not allowed to make documentaries or educational films in these areas.

The bill will ensure the protection of the cultural values of national parks. For example, where filming may be proposed in Aboriginal co-managed national parks, the concurrence of the board of management for those lands must be obtained prior to granting any approval. That will ensure that the views of Aboriginal owners are respected in these areas and that Aboriginal sites are protected when filming occurs. The filming and photography policies of the Department of Environment and Conservation will strengthen these statutory safeguards to ensure that filming activities do not compromise the special values that are protected by our national park estate. To ensure consistency with the new provisions that will be introduced by the bill, that policy will be reviewed as a matter of priority.

The film industry has not resisted these safeguards; it has enthusiastically embraced them. In recent years in Sydney a number of movies have voluntarily commissioned professional environmental advice to ensure that they would cause no environmental harm. The film industry has proved itself to be a great advocate for the environment. I highlight the fact that the Land and Environment Court did not make any adverse finding regarding the environmental impact of the filming of *Stealth* in the Blue Mountains National Park, thereby vindicating the thorough environmental assessment of the Department of Environment and Conservation [DEC] in that case.

Some of the arguments that we have heard are ill-informed. Some people are not aware of what this Government is attempting to achieve through the introduction of this piece of legislation. This bill, which is practical, is in response to the findings of the Land and Environment Court. The Government has had years of experience in the management and care of our national parks. We must ensure that national parks are an educational tool that can be used to show the rest of the world how important they are and what a fantastic place

Australia is. All those elements have been taken into account in this bill. It is ludicrous to suggest that the Minister would prostitute our national parks to the film industry. I commend the bill to the House.

Mr BOB DEBUS (Blue Mountains—Attorney General, and Minister for the Environment) [8.27 p.m.], in reply: I thank all honourable members who contributed to debate on the Filming Approval Bill. I will address a number of issues that were raised during the course of discussions. Some of the people who represent environmental groups seem to hold the view that this bill is unnecessary. That is a view that rests on an assumption that the effect of the Land and Environment Court's decision in the *Stealth* case is limited only to the making of that film. The only way to follow the proposition read out by the honourable member for Bligh is to understand that she was acting on an assumption that the Land and Environment Court's decision applied only to the *Stealth* case. But that manifestly is a mistaken assumption.

It is clear that real doubts have been created as a result of the Land and Environment Court's decision concerning the existing law about filmmaking in national parks and wilderness areas. We do not need some weird conspiracy theory to explain this circumstance; it is simply that the judge made a number of observations. The judge having made those observations, people in the film industry and managers of national parks need to be sure that we have a clear set of principles, regulations and laws under which decisions can be made in the future. In ruling on the *Stealth* matter the court quite specifically drew attention to doubts concerning the power to approve the making of any commercial film in a national park. The court also drew attention to doubts concerning the power to approve the making of any film at all in a wilderness area, at least in those circumstances where filming requires exclusive use of the area in question. I concede that there is not much point in going into every legal or abstract legal detail of the case and its implications in a debate in the Parliament.

It is important to understand several fundamental points. In the case on 29 April Justice Lloyd ruled that, because the film company was granted permission to enter the wilderness area and perform certain filming activities in it and had been granted exclusive use of part of the land to the exclusion of the public, approval or permission was at law a licence. He gave a number of legal precedents that he thought established that point. Once he had held that the consent given by the National Parks and Wildlife Service was a licence, its granting was, in the words of Justice Lloyd, "expressly proscribed by section 153A of the National Parks and Wildlife Act 1974 in a wilderness area". On that basis alone the filming was found to be unlawful because section 153A does not give the Minister the power to grant a licence in respect of land within a wilderness area.

The point is that it was not clear before the case was decided that we were dealing with a licence. This was the legal ambiguity with which National Parks and Wildlife Service officers wrestled before the case was brought. As a matter of abstract law, I remind the House that the court made no decision about the environmental effects of filming in the national park. In fact, almost nobody sensible has suggested that the filming would of itself have done any damage to the national park. It was a question of principle—and not just a general principle but quite detailed legal matters of principle. Once the court's decision on the question of a licence was taken, it followed automatically that the approval was not permitted under the Act. To imply that there was some blatant or reckless action on the part of National Parks and Wildlife Service officers with regard to granting that licence is, I believe, a slander against those officers.

The court, having made its decision about the licence, did not distinguish between the licence for the making of *Stealth* or any other commercial film, such as a nature documentary or a promotional, tourism-related film. The court's findings were that if the activity is exclusive, licensed and within a wilderness area then the licence is invalid and, therefore, unlawful. The court drew attention to doubts concerning the power to approve the making of any commercial feature film in any national park or reserve, regardless of whether the land in question is a declared wilderness. It also drew attention to doubts about any filming, possibly even the taking of photographs, in a wilderness area in circumstances where the filming requires exclusive use of the area in question—which is what turns the approval into a licence—or where the film is being undertaken commercially, that is, for sale, hire or profit.

This particular court case raised doubts about filming in national parks generally. There is absolutely no question that it raised significant ambiguity. It was not the judge's intention to make trouble. It was just that, by the time he decided the complex matters involved in the case, he had made a series of observations that clearly cast doubts on the whole question of filming in national parks. The Government intends by this bill to eliminate that ambiguity in the law because it wants to support the State's film industry. No member who has spoken in this debate does not support the industry at some level or another. However, I also want to support the national park managers. I have spoken to several of them, including managers in the Blue Mountains, since this

episode occurred. I assure the House that, regardless of the comments of conservation activists in the community, national park managers were extremely anxious to tell me, first, that they believed the court case raised ambiguities and, second, that they would like those ambiguities to be removed because they will have to administer these matters in the future.

Regardless of whether honourable members agree with the legal impact of the court's interpretation of the existing law, it is undeniable that the film industry wants this bill to be passed. National park managers also want the bill to be passed not merely for legal reasons but for everyday, practical reasons. They want to be sure what they are doing. If we are to attract investment in our film industry we cannot debate whether it is legally permissible to make a film in a national park. It is no good conservation activists telling us that there is no uncertainty about this matter. If the film industry believes there is uncertainty it will not invest, and that will be that. In this context, I point out that in a press release dated 5 May the Screen Producers Association of Australia said that the court's decision "has created uncertainty and confusion amongst filmmakers and risks NSW's reputation as a user- friendly location for local and international film producers." Similarly, in its press release dated 5 May, AusFILM, which markets Australia as a film-making destination, said that the bill:

... is urgently needed to eliminate this uncertainty—without it, every future film in a national park will have a legal cloud over it.

Ms Trisha Rothkrans, Chief Executive Officer of AusFILM, also said during an ABC News radio interview on 8 May that film projects will certainly—that is the word she used—be lost if this legislation is not passed. The bill's fundamental aim is, therefore, to create legal certainty for all who will be concerned about the permissibility of filming in our national parks. It will give the Minister for the Environment explicit power to authorise the making of a film within the national park estate.

Turning to the bill in more detail, it has been alleged that clause 4 (9) overrides all environmental legislation. The honourable member for Bligh expressed herself to be shocked, amazed and astounded that that clause should override all environmental legislation. But the claim that it does so is complete rubbish. The bill does not suspend the operation of the National Parks and Wildlife Act, the Wilderness Act or the Marine Parks Act. It removes the need for any other approval under those Acts. The obvious intention is to streamline the approval process to ensure that it is not subject to unnecessary delays. The honourable member for The Hills said in a slightly different context that it would be awful if film producers have to spend inordinate amounts of time filling in forms and preparing environmental impact statements. I will come to that matter in a moment. We are talking simply about streamlining the process so that instead of making applications under three separate Acts an application can be made under this provision, which covers the other Acts. We are in no way overriding the other Acts; we are simply making a sensible administrative provision.

Future filming applications will be assessed, as they are now, under part 5 of the Environmental Planning and Assessment Act. Pursuant to section 111 of that Act, any application to film will be subject to an environmental impact assessment which will consider all potential impacts that a proposal may have on the natural and cultural values of the national park estate, wilderness areas and marine parks. In wilderness areas this will, of course, include the wilderness management principles in the Wilderness Act 1987.

The bill does not, as has been alleged outside the House—I am not sure whether it has been alleged inside the House—override the Threatened Species Conservation Act 1995 or weaken the assessment of impacts on threatened species and endangered ecological communities. Clause 5 (3) of the bill explicitly states that nothing in the bill affects the operation of part 5 of the Environmental Planning and Assessment Act. Section 112 of that Act requires the Minister to assess the impact on threatened species and obtain an environmental impact statement if the impact is likely to significantly affect the environment, threatened species populations, ecological communities or their habitats.

I understand that the film industry has sought clarification about the need to prepare a review of environmental factors [REF] for all future filming applications. I made reference to that issue in my second reading speech. The honourable member for The Hills raised the question again, which I accept to be legitimate in this context. I confirm that, as is the case now, an assessment of environmental impacts will be required before any film-making activity proceeds. That has been the case in the past and it will be the case in the future. It is required by section 111 of the Environmental Planning and Assessment Act.

However, the extent of environmental assessment required will depend entirely on the nature and location of the specific proposal. That was the case before and that will be the case in the future. For small, low-impact, short-term productions, I expect the assessment will be quick and simple. But for larger-scale productions, it is likely that a more comprehensive environmental assessment will be required. I bear in the

mind that the honourable member brandished a copy of the elaborate REF for the Mount Hay location of *Stealth* that was required by the National Parks and Wildlife Service because it was dealing with a significantly sensitive location. In other words, the National Parks and Wildlife Service, as it turned out, misunderstood the question of a licence in a wilderness area, but was, nevertheless, in every pragmatic sense, paying the closest attention to the protection of the park estate. That is why in that context it required a very detailed REF.

I intend that when this bill becomes law the extent of environmental assessment necessary for film-making activities will be the same as it was before the decision of the Land and Environment Court in the *Stealth* case. That means that if people want to film in an area that is of more than usual sensitivity they will have to prepare an elaborate impact statement or study of environmental factors. However, if it is a cursory exercise the requirement for an environmental assessment will reflect that. The filming and photography policy of the Department of Environment and Conservation will be reviewed in the light of this legislation, and that matter will receive attention during the review. I will ensure that the department consults all stakeholders during the review.

I am also aware of concerns regarding the meaning of the words "educational, scientific, research or tourism purposes", as used in clause 4 (3) of the bill. The meaning of those words is important because they are the only purposes for which filming activities in wilderness areas will be allowed. While I believe that the plain meaning of those words is obvious, I am pleased to clarify the matter in the House. "Scientific or research purposes" means filming for the purposes of research or investigation into Aboriginal heritage or culture, historic heritage, biodiversity and threatened species, environmental processes, park management, public recreation or bushfire management. "Educational purposes" means filming for the purposes of educating or raising awareness of Aboriginal heritage or culture, historic heritage, biodiversity and threatened species, environmental processes, park management, public recreation, bushfire management, and visitor safety.

"Tourism purposes" means filming which, as the primary purpose, promotes visitation to national parks. I stress that tourism must be the primary purpose of a film in this circumstance. Therefore, to use the inevitable example from New Zealand, films such as *The Lord of the Rings* series, which manifestly provided a massive tourism boost for New Zealand, would, nevertheless, under this definition not be classified as tourism-related films because the promotion of tourism was not the primary purpose for making those films. I am not sure what the primary purpose was, but it was not for the promotion of tourism. Such films could not be permitted within a wilderness area. However, where filming is primarily for the promotion of tourism, such as the television show *Getaway* or the Feel Free program of Tourism New South Wales, it would be permissible.

Clause 9 of the bill contains a general regulation-making power which provides for regulations relating to the making and determination of applications. It may be appropriate to have these meanings explicitly defined in a regulation, with further guidance to be provided in the filming and photography policy of the Department of Environment and Conservation. Another issue that has been raised is the extent of discretion available to the Minister when making a decision under clause 4 of the bill. Clause 4 (6) of the bill is not intended to limit the discretion of the Minister in granting approval for filming. Sufficient discretion is already provided for in part 5 of the Environmental Planning and Assessment Act. The Minister will have the power to refuse approval or to impose conditions to protect the environment.

Clause 4 (6) of the bill provides guidance on the minimum issues that must be considered when imposing conditions. That part of the legislation is consistent with many other similar statutes which create a power to approve or refuse an activity and then list the specific matters that are to be considered before making that decision. The power to impose conditions then ensures that the activity can be properly regulated when it is being undertaken. An issue has also been raised about clause 8, the delegation clause. I am advised that the majority of filming applications are presently determined by the department's regional managers and the balance are determined by more senior officers up to the director-general. Assuming the bill becomes law, I believe that will continue to be the case. Delegations to persons who are not State government employees will require the preparation of a special regulation under clause 8 (2) of the bill, and will thus allow for scrutiny by Parliament.

I understand that this regulation-making power will be likely to be used only to delegate functions under the bill to the chair of a board of management of land reserved under part 4A of the National Parks and Wildlife Act. That part establishes co-management of national parks by Aboriginal people. An allegation was made by the honourable member for Bligh—I cannot understand why, but it was explicitly made by her—that the bill does not contain third party appeal rights. I advise that these rights will remain under section 123 of the Environmental Planning and Assessment Act. It is a matter of everyday law and statutory interpretation. The bill does not affect part 5 of that Act as it applies to the assessment of filming proposals.

I hope I have demonstrated, therefore, that most of the claims that have been made about the nature of this bill in recent times by a small but, I concede, extremely vociferous group of people are seriously mistaken or, at the very best, significantly exaggerated. On the other hand, the bill guarantees, with precision, that the position taken by the environment movement during the *Stealth* debate is preserved. One would never guess it from a good deal of the recent criticism, but the bill meets exactly the demands being made by the environment movement and by demonstrators in the Blue Mountains several weeks ago at Govetts Leap. Their goals have been precisely and exactly met by this legislation. As the film industry has said clearly, its passage, as it happens, is also critical to its future. I therefore commend the bill to the House.

Question—That this bill be now read a second time—put.

Division called for. Standing Order 191 applied.

Noes, 1

Ms Moore

Question resolved in the affirmative.

Motion agreed to.

Bill read a second time and passed through remaining stages.

LIQUOR AMENDMENT (PARLIAMENTARY PRECINCTS) BILL

Bill introduced and read a first time.

Second Reading

Mr GRANT McBRIDE (The Entrance—Minister for Gaming and Racing) [8.56 p.m.]: I move:

That this bill be now read a second time.

This bill may be short, but it has a very significant purpose and will permanently alter the shape of liquor service at Parliament House. This Government has been committed to improving the harm minimisation measures related to the sale and service of alcohol. One important aspect of this commitment is applying to ourselves the same rules that apply to the community at large. This bill embodies the Government's commitment to applying the New South Wales liquor laws to Parliament House. It might surprise many to learn that the parliamentary precincts are exempt from the operation of the liquor laws—not just in this State, but across all the States of Australia. The exemption dates back to at least the early 1900s.

Regardless of its long-standing nature, the time has come to remove this archaic exemption and bring the New South Wales Parliament into line with current harm minimisation practices. In place of the exemption, the bill will enable the Governor to issue a licence authorising the sale of liquor within the parliamentary precincts. This type of licence is commonly known as a Governor's licence. It is the type of liquor licence granted to unique Crown facilities like the Sydney Opera House, the Art Gallery of New South Wales, and the Royal Botanic Gardens and the Domain. The Governor will be authorised to impose conditions on the Governor's licence granted in respect of Parliament House.

As with all Governor's licences, the licence conditions will delineate the boundary of the licensed premises, identifying areas in which liquor may be served. The licence will also name the person, or licensee, who is the holder of the licence. These licence conditions will be formulated through discussions between government officers and parliamentary officers nominated by the Presiding Officers. Some time will be required for government officers to work with parliamentary officials to finalise appropriate licence conditions. The Government expects that this process will be carried out and completed during the winter recess. This is why it is proposed that the bill commence on a day appointed by proclamation. All attempts will be made to ensure that the Governor's licence will be in place prior to the spring session of the Parliament.

This bill ensures the principle object of the Act, harm minimisation and responsible service of alcohol requirements, will apply to Parliament House. Many of these requirements are already evident within the Parliament House precincts. For example, Food and Beverage staff have been trained in the responsible service

of alcohol, and relevant regulatory signage has been posted in bar areas. In these situations, the bill will endorse what has already been a common practice here for some time. The bill will make one other important amendment. It will insert a provision into the Parliamentary Precincts Act 1997 that will enable the Presiding Officers to enter into a memorandum of understanding with the Director of Liquor and Gaming.

The Director of Liquor and Gaming is the chief regulatory officer in the Department of Gaming and Racing. This provision is similar to existing section 27, which allows the Presiding Officers and the Commissioner of Police to enter into a memorandum of understanding regarding the exercise of police powers within and around the parliamentary precincts. The Director of Liquor and Gaming has functions and responsibilities similar to those of the Police Commissioner for enforcement of the liquor laws. The Government's liquor law inspectors undertake a range of compliance-related functions under the director's delegation. As part of this role, liquor law inspectors have entry powers to all licensed venues.

It is important that inspectors, along with police, have appropriate access to Parliament House for the purpose of the liquor laws. The proposed power enabling a memorandum of understanding will provide certainty for members of Parliament, parliamentary officials, and liquor law inspectors. As with the conditions which will apply to the Governor's licence, government officers will develop the memorandum of understanding in consultation with the Presiding Officers or their nominees. None of the measures in the bill raise any issues relevant to the Legislation Review Committee's scrutiny of bills function. I am satisfied that the bill will not trespass unduly on personal rights or liberties; will not make rights, liberties or obligations unduly dependent upon insufficiently defined administrative powers or upon non-renewable decisions; and will not delegate legislative powers. I commend the bill to the House.

Debate adjourned on motion by Mr George Souris.

BUSINESS OF THE HOUSE

Bills: Suspension of Standing and Sessional Orders

Motion by Mr Grant McBride agreed to:

That standing and sessional orders be suspended to allow, at this sitting, the resumption of the adjourned second reading debate on the Greyhound and Harness Racing Administration Bill and on General Business Order of the Day No. 11 [Constitution Amendment (Pledge of Loyalty) Bill].

GREYHOUND AND HARNESS RACING ADMINISTRATION BILL

Second Reading

Debate resumed from 7 May.

Mr GEORGE SOURIS (Upper Hunter) [9.02 p.m.]: I lead for the Opposition on the Greyhound and Harness Racing Administration Bill. The Opposition will not oppose the bill, which will amalgamate the administration of the greyhound and harness racing industries. It is expected that the reasonably significant savings in administration will flow into the operations, particularly prize money, of the two codes. The Opposition has no objection to the concomitant amalgamation of the Greyhound Racing Appeals Tribunal and the Harness Racing Appeals Tribunal, which comprise the same two people. I have consulted the Harness Racing Authority, the Greyhound Racing Authority, the National Coursing Association, the Greyhound Breeders, Owners and Trainers Association, Greyhound Racing New South Wales, Harness Racing New South Wales and a number of other interested parties and associations.

Generally speaking, their reaction was supportive, with a significant level of scepticism that the amalgamation would achieve the foreshadowed cost savings. As a result of the rationalisation the Harness Racing Authority building will be sold. Questions have been raised as to whether the money from the sale will be frittered away, used to support redundancy payments, or used as prize money and, if so, in what ratio between the two codes. I have asked the Minister to consider those questions. I know that he will deal with them in his reply to the second reading debate. On behalf of the Opposition, I have the privilege and pleasure of commending the bill to the House.

Mr PAUL GIBSON (Blacktown) [9.06 p.m.]: I support the Greyhound and Harness Racing Administration Bill, which will amalgamate the Greyhound Racing Authority with the Harness Racing

Authority. The new body will be known as the Greyhound and Harness Racing Regulatory Authority. Similarly, the appeals tribunals for the two codes of racing are to be amalgamated into the Greyhound and Harness Racing Appeals Tribunal. The bill provides the second stage of reforms to the greyhound and harness racing controlling bodies. The first part of the reform process began last year when the commercial and regulatory functions were separated. The new commercial boards, Greyhound Racing New South Wales and Harness Racing New South Wales, are responsible for the strategic and commercial governance of their respective codes of racing. They are independent of government and not subject to the Minister's direction.

The independence of the commercial boards is in accordance with the industry's desire for self-determination for the future viability of the two codes of racing. The Government has recognised that desire for independence. Overall, the racing industry is considered to be one of the largest employers, providing approximately 50,000 jobs in this State alone. Its wagering activity provides a significant annual contribution of approximately \$130 million per year to State taxes. It is a very important industry. In practical terms each code of racing—the thoroughbred, harness and greyhound sectors—is in a position to run its own commercial race free from government intervention. The Thoroughbred Racing Board, or Racing New South Wales as it prefers to be known, Harness Racing New South Wales and Greyhound Racing New South Wales, are in charge of the commercial future of this section of the racing industry.

The members of each of the three boards include representatives from the significant stakeholders in their section of the racing industry. In general terms such representation is from the major racing clubs, TAB clubs, country clubs and industry participants. Each board also has an independent chairperson selected through external recruitment consultants with a view to finding persons with appropriate leadership and management experience, which, I am sure all honourable members will agree, is very important. The corporate governance model for all three codes of racing is intended to give the industry three essential factors. The first is the autonomy from government that the racing industry wants because it believes it is best placed to make decisions for its future viability. The second is appropriate representation of industry stakeholders on the governing bodies.

The third is the ability to attract persons to serve on the boards who possess appropriately high levels of leadership and business acumen. The Government's reforms in this area have provided the legislative framework for those purposes. It is up to the racing industry to develop programs and strategies that will succeed in the highly competitive leisure and entertainment industry sector. Racing has changed so much that it is no longer sufficient merely to have good thoroughbreds and good participants. It also has to be promoted as an entertainment to attract the crowds through the turnstiles.

The second part of the reform process for the greyhound and harness racing codes is the amalgamation of the regulatory bodies. The proposal provides for such amalgamation on a cost-effective and efficient basis, but not at the expense of the integrity of racing regulation. The reforms represent the Government's commitment to supporting the future of the racing industry, in particular its social and economic importance to regional areas. This legislation will improve places that I used to visit regularly, particularly the Hawkesbury Race Club at Clarendon, where the manager of racing, Mr Brian Fletcher, and his committee do a wonderful job. On Friday night this week I will be attending the Richmond Derby greyhound races.

Mr Andrew Stoner: What are you on?

Mr PAUL GIBSON: I hope to back a winner. When all is said and done, the better that racing in all its codes—thoroughbreds, greyhounds or trotting—is administered, the better it will be for the public. When I was a younger man I used to attend the trots regularly. We all have sporting heroes such as rugby league players or boxers whom we admire greatly, but a long time ago there was a pacer by the name of Caduceus, and what a pacer he was. People in the racing industry said that we would never see another horse like Caduceus but, lo and behold, the next generation produced Paleface Adios, Hondo Grattan and Cocky Raider. In the context of racing stars that draw people through the turnstiles, who could forget Cocky Raider? Racing administration must be looked after carefully because racing champions attract very large crowds.

I also used to regularly attend greyhound meetings—the dish lickers—with my dad. We used to go to tracks such as Harden, Coonabarabran, Wagga Wagga and other places right throughout the State. I remember a greyhound that many people may have forgotten, but it could run like the wind. Its name was Macarena, and it was an unbelievable dog. A mate and I used to regularly attend meetings, and we got a lot of fun out of it. My mate had an unforgettable dog by the name of Woolly Wilson, and probably the best greyhound of the lot was Zoom Top. Champions draw people to attend race meetings, and if racing can be administered to the best

standard possible at every level, the chances of attracting large crowds will surely increase. People love to witness the feats of great sports champions in their special events. There will always be Cauduceuses and Macarenas. I support the bill.

Mr ALAN ASHTON (East Hills) [9.13 p.m.]: I support the Greyhound and Harness Racing Administration Bill. Having listened to the speech made by the honourable member for Blacktown, I will desist from relating the history of the Bankstown and East Hills electorates and the size of the Bankstown Paceway, which is located in the middle of the East Hills electorate. It is important to my electorate that harness racing and greyhound racing administration will be amalgamated. Up until recently, race meetings at the Bankstown Paceway were held on Thursday nights and were well attended. The Bankstown Trotting Club is adjacent and both venues are outstanding features of the Bankstown area.

The interesting point about harness racing and greyhound racing is that they are working-class sports, if I may use that term. They are not sports that only the wealthy are able to enjoy—you do not have to be a sheik who transports horses from Bahrain each November. Ordinary punters are able to enjoy placing a bet on the dish lickers or the trots. We should bear that point in mind when discussing this legislation. The bill provides for the establishment of the Greyhound and Harness Racing Regulatory Authority. For some time the racing industry has been requesting greater autonomy to compete in the commercial world. The thoroughbreds have had such autonomy for a number of years.

Everyone would agree that the racing industry in Sydney has improved, although it perhaps still has some distance to travel to compare favourably with Melbourne. However, as all Sydney people know, Melbourne people will attend any sporting event. They seem to have a fixation on sports, and that is perhaps because they do not have much else to do. In February 2003 the Carr Government also gave the greyhound and harness racing codes the opportunity to control their own destiny by way of a commercial board for each code. Both codes now have the responsibility for the strategic and commercial governance of their respective industries. With that in place, there is still another side to both industries—a very important side, which is the regulatory functions.

The racing industry is unique in that the majority of its funding is from the punting dollar. That being said, of equal importance to the commercial focus is the knowledge that the industry has the highest integrity. I note that the Government has certainly cleaned up whatever problems existed in the Greyhound Racing Authority. This bill will address any problems that have emerged since that time. People who bet on a racehorse want to be assured that the horse is a bone fide contender for the prize money. People do not want to bet their money on a horse such as Bold Personality and later discover that it was Fine Cotton. The confidence of the industry participants in the integrity of the regulation of the racing industry is essential. It is vital that that confidence be maintained.

This bill provides for the second stage of the reform of the greyhound and harness racing industries. It essentially provides for the reduction in duplication of regulatory functions that are currently shared by both codes. I understand that it is not intended to reduce the number of stewards needed to effectively police race meetings. One steward I know personally will be happy about that. He is a former student of mine who left school during year 11 but later became the chief steward of the trotting industry. He has done very well. My anecdote may not compare favourably to those mentioned by the honourable member for Blacktown, but whenever I am able to develop a theme, I do. However, time being of the essence, I will not be diverted from my speech any longer.

It is very important to ensure that the integrity of the industries will not be compromised by amalgamation. The benefits of amalgamating the two bodies are readily obvious. The economies of scale through reduced accommodation and back-office costs will give both codes financial savings to assist them in the development of their respective industries. The amalgamation of the codes' appeals tribunals will also provide an opportunity for administrative savings to be made. The bill implements the second stage of the reform process. It complements the first stage by providing the opportunity for important savings to be made in the area of administration. The Government is committed to meeting community expectations in relation to racing being conducted with the highest integrity.

The Minister has consulted widely in relation to the bill with representatives of the Greyhound Racing Authority and the Harness Racing Authority and has introduced this bill with those two bodies accepting its provisions unconditionally. It is essential to ensure the future viability of the racing industry. The reforms to the greyhound and harness racing controlling bodies are intended to achieve these objectives. In conclusion, I

mention that my principal qualification in speaking on bills concerning racing is that two of my uncles won five Melbourne Cups between them. I commend the bill to the House.

Mr GEOFF CORRIGAN (Camden) [9.19 p.m.]: I support the Greyhound and Harness Racing Administration Bill. It was great to listen to the honourable member for Blacktown reminisce about wonderful greyhounds such as Woolly Wilson because when I first left school I worked at the Wyong greyhound track and I remember Woolly Wilson very well. I also recall attending the trots at Harold Park in the early 1970s. In those days, anyone who was in on the action knew which horse was going to win, and was all set. This legislation will cut out any suggestion of the type of activity that used to occur in times that are now long gone.

The bill provides for the establishment of the Greyhound and Harness Racing Regulatory Authority. That body will replace the existing Greyhound Racing Authority and the Harness Racing Authority. The bill provides for the Greyhound and Harness Appeals Tribunal to replace the existing Greyhound Racing Appeals Tribunal and Harness Racing Appeals Tribunal. The amalgamation of the two existing regulatory bodies provides the optimum opportunity to achieve ongoing economies of scale through reduced accommodation and back-office costs for the combined regulatory function.

All of the racing industry governing bodies, whether they be regulatory or commercial, are funded by the racing industry itself. Those funds come from two sources: from TAB payments to the racing industry, and from the various licensing and registration fees imposed on industry participants by the governing bodies. The racing industry funding ultimately provides for the prize money paid to owners of animals that are successful in races. It also funds infrastructure such as racetracks, grandstands, drug testing laboratories and other race club amenities. The Menangle Park harness racing track is in my electorate. The TAB has increased its payments to the racing industry each year since its privatisation. In the 1997-98 financial year the payment was \$142 million and that increased to \$202 million in the 2002-03 year. With recent developments in the possible change of ownership, it is expected that the payments will substantially increase again.

The increases are the lifeblood of the New South Wales racing industry. Without such increases our racing industry would not be able to compete and its viability and future would be in doubt. The funding also provides for the costs of the governing bodies and includes funding for stewards, drug testing services, licensing and registration, and related support services. The funding for the regulatory bodies is well spent. Without appropriate funding for the regulation of the integrity of racing there would be a doubt in the public's mind that racing, and associated gambling, are closely supervised to prevent corruption. Any lack of public confidence in racing puts in jeopardy the level of TAB payments to the industry. That is important, and the honourable member for Wagga Wagga would know that, as the Wagga Wagga Gold Cup was held just last week.

The consequential adverse effects of such an outcome would include a reduction in prize money and funding for infrastructure. Ultimately there would be an adverse flow-on to racing industry employment, and regional racing, such as that on the Sapphire Coast, in the electorate of the honourable member for South Coast, would be likely to suffer the most. Nevertheless, the amalgamation of the existing regulatory bodies, the Greyhound Racing Authority and the Harness Racing Authority, provides an opportunity for savings. The savings will, however, not be at the expense of the regulation of the integrity of racing. The savings will come from the co-location of the amalgamated authority in a single building; at present they are in separate buildings. Co-location will afford the opportunity to reduce duplication in the area of back-office and corporate services.

Importantly, the function of stewards will be integrated into the amalgamated body on the basis that staffing will remain at the present number. After start-up and transition costs are met, savings from the sale of one building and reduced ongoing operating costs will become available to the greyhound and harness racing industries to distribute as prize money, or for other purposes such as renewing infrastructure, that the industry commercial boards consider in the best interests of their respective industries. I represented the Minister at the recent Golden Easter Egg event, where I heard members of the greyhound racing industry fully support this bill. Accordingly, the amalgamation will provide for a much-needed financial boost to the greyhound and harness racing industries, but not at the expense of the regulation of the integrity of racing. I commend the bill to the House.

Mr KEVIN GREENE (Georges River) [9.22 p.m.]: The Greyhound and Harness Racing Administration Bill is stage two of the reform process for the greyhound and harness racing industries in this State. The bill provides for the establishment of the Greyhound and Harness Racing Regulatory Authority, which will inherit the functions currently undertaken by the two individual controlling bodies for those two racing codes. This will, no doubt, provide the optimum opportunity to achieve efficiencies and economies of

scale through reduced accommodation and back-office costs of the regulatory function. The amalgamation will not be at the expense of the regulation of the integrity of racing. It is not intended that there be a reduction in the number of stewards to police race meetings. On the issue of maintaining integrity and also achieving administrative savings, it is pertinent to note that this bill also takes the opportunity to amalgamate the Greyhound Racing Appeals Tribunal and the Harness Racing Appeals Tribunal.

Retired judge His Honour Mr Barrie Thorley is currently the appointee to both tribunals and Justice Wayne Haylen is the appointee to act at the two Tribunals in Mr Thorley's absence. The appeals system plays a very important part in the whole operation of the racing industry, particularly in relation to integrity issues. The tribunals are an integral part of that appeals system and provide a critical mediation process to ensure that aggrieved participants and relevant authorities have the opportunity to voice concerns. It makes sense to combine the two tribunals. It is an obvious flow-on from the amalgamation of the regulatory bodies and the appeals process associated with their functions. It does not matter what role one has in either the harness racing or greyhound industries, one expects and anticipates that everything will always be fair and above board. One always expects the stewards and racing authorities to ensure the integrity of the industry.

It does not matter whether it is Warren Anderson, whom I regularly see walking his dogs around Peakhurst south and Lugarno, or his two sons, Scott and Mark, or whether it is high-profile trotting trainers such as Owen Glendenning or Johnny Tapp; it is most important to everyone involved in the industry that integrity is maintained. Most importantly, that applies also to those who put their hard-earned cash onto dogs, pacers or trotters at the various meetings in and around the State. That applies equally to Harold Park and Wentworth Park, and to Dapto dog racing or Bulli trotting, or to any other track within the State. It is most important that the public believe the racing fraternity is giving of its best. In trotting, it is important that the public believe that the drivers give their pacers every opportunity to win an event. We need to ensure the integrity of the racing bodies.

The regulation of the integrity of the industries will not be compromised by the amalgamation of the tribunals, but will provide stability in the structure, and efficiencies in the administration of the combined tribunal's functions. It is important to note that His Honour Mr Barrie Thorley and Justice Wayne Haylen are fully supportive of the proposed amalgamation of the tribunals. The reform of the greyhound and harness racing industries is a result of the desire of each industry to manage its own strategic direction and economic development. Honourable members would recognise that this bill is stage two of reforms to the industry. Stage one was when the commercial boards for greyhound and harness racing industries became operational, in February last year. Last Friday week I attended Harold Park and had a great night with friends Brian and Sue Roberts, Lindsay and Bernadette Murphy, Lee and Mary Jones, Peter and Julie Winchester, Bernie and Laureen Holdsworth, and their children.

I compliment John Dumesny on the commercial operation of Harold Park. We took advantage of the \$10 entry with \$30 to be used for food vouchers that is offered on the last Friday of each month. That promotion encourages large crowds to the venue to enjoy harness racing. Putting aside that great value, it was a most enjoyable social night for the adults and children. The fact that we picked a couple of trifectas helped to make the night a little more impressive. Unfortunately, they did not pay as much as we would have liked. With regulation, I cannot ensure that I will be more successful with a punt. I congratulate the Harness Racing Authority on providing that most enjoyable night. I am reliably informed by regular attendees that similar nights are held at Wentworth Park. It is most important that people enjoy the sport. We do not want the racing industry to become totally involved with Sky Channel; we want people to enjoy the sport at the venues

In the greyhound industry, people such as Warren Anderson and his sons are involved at the grass roots level. It is a great sport for people without a lot of money. The reforms that will be implemented as a result of the Greyhound and Harness Racing Administration Bill will give greater strength to the industry. While the Government is not necessarily involved in a hands-on approach, through this legislation it will play a regulatory role. This bill, which was introduced by the Minister for Gaming and Racing, will strengthen the industry. The regulatory and commercial functions of both authorities will now be separated, which is important. Earlier I listened to fellow members speaking about their experiences. When the honourable member for Blacktown was talking about some of the great pacers such as Pale Face Adios and Hondo Grattan, I thought of Mount Eden and its great run in the Miracle Mile in the early 1970s. I remember also Zoom Top, a great greyhound performer in the early 1970s when I was just a lad at school. One of the first occasions on which I took my wife out on a date, as it was then called, was to the Bankstown trots. It was an enjoyable night.

[Interruption]

Not only did she go out with me; she still enjoys an evening at the trots, as she did last Friday week. We still have plenty of good friendships. My wife and I attended the trots on that occasion—the occasion of that first date—with my friend Peter Winchester and his wife, Julie. Greyhound and harness racing are good family sports. We must do everything we can to maintain the integrity of those great sports. I compliment the Minister on the introduction of this bill.

Mr GRANT McBRIDE (The Entrance—Minister for Gaming and Racing) [9.31 p.m.], in reply: I thank all honourable members for their contributions to debate on this bill. The shadow Minister, the honourable member for Upper Hunter, raised an issue to which I will respond later in my contribution. The honourable member for Blacktown told us stories about greyhounds and the harness racing industry when he was growing up in country New South Wales. The honourable member for East Hills wore a wonderful yellow tie. The honourable member for Camden contributed to the debate. The honourable member for Georges River seems to know more about racing than anyone else in this House.

The proposed amendments will result in the establishment of the Greyhound Harness Racing Regulatory Authority, which will take over the functions of the Greyhound Racing Authority and the Harness Racing Authority. The proposed amendments will also result in the establishment of the Greyhound and Harness Racing Appeals Tribunal, which is to take over the functions of the Greyhound Racing Appeals Tribunal and the Harness Racing Appeals Tribunal. The bill represents stage two of the reforms to the governance of the greyhound and harness racing industries. Stage one of the reform process—in February 2003—was to separate the former greyhound and harness controlling bodies into their autonomous, non-government, commercial and statutory authority regulatory components.

Greyhound Racing New South Wales and Harness Racing New South Wales are, in accordance with industry's desire for self-determination, responsible for the strategic and commercial governance of their respective industries. The amalgamation of the regulatory boards into a single authority provides the optimum opportunity to achieve ongoing economies of scale through reduced accommodation and back-office costs for the regulatory function. Nevertheless, the amalgamation is not to be at the expense of the regulation of the integrity of the industry. In regard to the question raised by the shadow Minister I understand that there have been inquiries about how the funds from the sale of the Harness Racing Authority building are to be distributed to the harness racing and greyhound racing industries.

In general terms, after start-up and transition costs are met, the savings will become available to the greyhound and harness racing industries to distribute as prize money, or for any other purpose that the autonomous commercial boards consider in the best interests of their respective industries. Specifically, at present each of the two regulatory authorities—that is, the Greyhound Racing Authority and the Harness Racing Authority—own and occupy their respective buildings. The amalgamation feasibility study found that the Greyhound Racing Authority building was more suitable for the new amalgamated authority. I understand that was essentially for reasons of space.

The proposed course of action is that the new amalgamated authority will own the former Greyhound Racing Authority building, which effectively gives the two racing codes a joint credit for that building. Consequently, the remaining building, which was formerly owned by the Harness Racing Authority, will be surplus to accommodation needs. However, in line with the self-funding policy of the racing industry, the proceeds of the sale of the surplus building are to be used to fund the costs of the amalgamation. That will include the costs of a fit-out and the relocation of staff to the new jointly owned building. It will also involve other costs, such as setting up amalgamated financial and reporting mechanisms and also any staffing costs associated with redundancies and retraining.

It is proposed that such costs be deducted from the net proceeds of the sale of the surplus building. The balance from that will be notionally divided as equal portions to be distributed to the greyhound and harness racing industries. From those notional portions industry-specific costs associated with funding for staff entitlements and asset depreciation may be deducted so that both the greyhound and harness racing financial positions for the new regulatory board are on an equal basis. The balance of funds would then be distributed to the respective greyhound and harness commercial boards. Greyhound Racing New South Wales and Harness Racing New South Wales would then decide how they might wish to distribute their portion of those proceeds. I commend the bill to the House.

Motion agreed to.

Bill read a second time and passed through remaining stages.

CONSTITUTION AMENDMENT (PLEDGE OF LOYALTY) BILL**Second Reading****Debate resumed from 11 May.**

Mrs SHELLEY HANCOCK (South Coast) [9.36 p.m.]: I speak in debate on the Constitution Amendment (Pledge of Loyalty) Bill, which was introduced last week in this House by the honourable member for Liverpool. I am sure that it gained for him some considerable publicity, for which I am sure he is grateful. No doubt part of the motivation for this bill was publicity—a chance for the honourable member for Liverpool to make a mark for himself in the press, with his constituents and maybe also in the history books. No doubt he hopes that it will be recorded that, on this historic day, he introduced a highly significant piece of legislation that would forever change the lives of the people New South Wales and their lives would become forever enriched because of it. Their gratitude for his actions would be deep and heartfelt.

Of course, that will not be the case. None of my constituents have made representations to me in relation to this matter. I am not aware of some great upsurge of republicanism that might have motivated the action, but I am aware of much more pressing matters that are affecting the people of New South Wales and, no doubt, the people of Liverpool. The honourable member for Liverpool, in his second reading speech, pre-empted some of the criticisms that he must, of course, have expected. Some of those comments related to the fact that the honourable member would be criticised for not attending to other more important and pressing matters in his electorate. He said that some people, to use his words, could chew gum and walk at the same time.

I thought that was a fairly simplistic analogy for the relatively intellectual member for Liverpool, considering the importance that he placed on this issue. It was really quite inappropriate considering the problems that people in this State are experiencing at the moment and considering that we are all working hard to field the concerns of our constituents. We simply do not have time to deliberate on flimsy and ephemeral bills such as this. This bill was not introduced in this House as a result of constituents' concerns, nor is it an attempt by the honourable member to improve the lives of the people of Liverpool or the lives of taxpayers in New South Wales. I suggest, therefore, that the motivation behind this bill is fairly selfish, narrow, blinkered and narrow-minded—and, dare I say, unnecessary at the same time.

Some sentiments were expressed that were of some interest and relevance, especially those relating to the situation that would arise if the present Queen were to pass away and therefore no business could take place in the Legislative Assembly or the Legislative Council until we had sworn our allegiance to Charles III. Do honourable members believe that the people of New South Wales would be devastated if no business took place in this place or in the Legislative Council? I am sure that they would not even know or be bothered about that fact. Nevertheless, the honourable member for Liverpool raised a significant point, which perhaps necessitates constitutional amendment. However, I am sure that the amendments in the bill are not vital to solving that problem. In any case, as the death of a ruling monarch is a fairly rare occurrence—it has not happened for many decades—the problem is not urgent.

I also found it interesting that the honourable member for Liverpool repeatedly claimed in his second reading speech that this bill is not part of the republican agenda. But is it not a good start? I believe it is an attempt to present the republican agenda to the House without having the mandate to do so. Like it or not, the issue of republicanism has been shelved for the present. It does not have a widespread mandate at this point, although I predict that in the future Australia will embrace republicanism. But the time is not now and it should not happen in this place—not yet. Interestingly, the honourable member for Liverpool dismissed the Queensland model, which includes pledges both to the Queen and to the people of Queensland, because he claimed it would cause conflicting or mixed allegiances. I suggest that the Queensland model has some merit. What is wrong with pledging allegiances to the Queen and to the people of New South Wales? There may be two allegiances but they do not conflict. The honourable member for Liverpool has a problem with swearing allegiance to the Queen. That is the evidence that, despite his assertions to the contrary, this bill is part of his personal republican agenda.

In countering criticism about the motivation for, and importance of, this bill, the honourable member for Liverpool said that the idea was not plucked out of the air since he introduced it in caucus last year. I assert that the idea was plucked out of the air last year for no good reason. I did not hear the honourable member say in his second reading speech that he had received floods of letters about this issue or that his constituents were demanding action on it. I suggest that the motivation for this bill is part of the honourable member's personal

republican agenda, which seems at present not to be part of a broader agenda for change. The honourable member for Liverpool also claimed in his second reading speech that this is a "significant issue" that must be dealt with. I suggest that it is significant only to him—and perhaps to some republican hardliners—and does not need to be dealt with in this place at this time.

I was also fascinated to hear the contribution of the honourable member for Kiama—who has just entered the Chamber—to this debate. He said that he should represent his constituents in this place and participate in debates on issues of significance to his electorate. I agree. However, he is not representing his constituents on the issue of rail services to the South Coast. He has ignored his constituents and accused others who debated that issue of holding our constituents in contempt. That is an example of the pot calling the kettle black. I suggest that this is not a significant issue in the electorate of Kiama. What is the honourable member for Kiama thinking when he talks about buses being a satisfactory replacement for rail services for the people of his electorate and of the South Coast as a whole? The honourable member did not have much else to say on this bill, but his speech was fascinating.

If this bill is about swearing allegiance to the people of New South Wales then surely those words should be matched with action. The reality is that most people probably think very little about an oath of allegiance after they have made it. This historic swearing of allegiance is fairly insignificant in the overall scheme of things. So why are members opposite so excited about it? I suggest that this debate is a diversionary tactic, designed to distract the media and Labor members' constituents from the real issues of significance in this State at present. Hiding behind a flimsy piece of legislation will not make those issues disappear. Having said that, I must admit that I have sympathy with the republican movement. I do not hide that fact. But they are my personal views and I will express them at the next referendum on this issue, as is my right. Now is not the time to do so. The honourable member for Liverpool consistently stated that this bill is not part of the republican agenda. I suggest that blind Freddy could see that it is.

Mr BARRY COLLIER (Miranda) [9.45 p.m.]: I am pleased to speak in support of the Constitution Amendment (Pledge of Loyalty) Bill. This bill is not about advocating a republic—although I support that cause. This bill is not about disrespect for the Queen, her successors or the royal family—although the British monarchy has no real role to play in the future of a multicultural Australia at the dawn of the twenty-first century. This bill is not about ignoring our past, denying our heritage or feeling disowned by Britain in favour of the European Community—although signs that confront Australians arriving at London Heathrow Airport might suggest otherwise. This bill is about loyalty and where our loyalties lie as members of the oldest parliament among the States of what I regard as one of the greatest nations on earth, Australia.

Our greatness as a nation lies not just in the extraordinary natural beauty with which we are blessed and not just in our sporting heroes, although we honour them. Our greatness lies not just in our achievements in science, industry and the arts, although these are many. Our greatness as a nation lies in the fundamental freedoms that we enjoy, in our spirit of mateship, in the opportunities that we make available, in our willingness to have a go and in our belief in a fair go for all. Our greatness as a nation lies in our character and in the kind of people we are. It is to these things that I owe my true allegiance: my country, my State and my fellow Australians. As elected members of the New South Wales Parliament, it is only right and fitting that we should pledge our loyalty to Australia and to the people whom we represent: the people of New South Wales. It is high time that we amended the pledge we take in this House and stated clearly for the record where our allegiances truly lie.

My true allegiance is not to an hereditary monarch and her successors living in another country 150 degrees longitude to the west of Sydney, but to my country and to the people whom I am elected to represent. Yet the oath of allegiance that we currently take mentions not my country or the people of New South Wales whom I represent but a monarch who passed away more than 100 years ago, at the dawn of the twentieth century. By continuing to take the oath of allegiance in its current form, New South Wales members of Parliament are in effect languishing in a kind of time warp—a tear in the fabric of Australian life that needs to be repaired. Last Friday, 7 May, I attended a citizenship ceremony in Sutherland at which some 157 men, women and children swore an oath or took an affirmation. The Australian citizenship pledge states:

From this time forward, under God, I pledge my loyalty to Australia and its people, whose democratic beliefs I share, whose rights and liberties I respect, and whose laws I uphold and obey.

That pledge came into being in 1993 following a change in Commonwealth law. It does not mention a Queen or a remote sovereign or heirs or successors; it mentions only loyalty to Australia and its people. One is immediately struck by the difference between the simple, precise pledge that those who become Australian

citizens take and the current uncertain pledge that elected representatives must take before sitting in the New South Wales Parliament. After the new Australian citizens take the pledge of allegiance at the Sutherland ceremony, their State members traditionally take turns in addressing them. The members of Parliament often speak about their role in representing their constituents. Yet the shire members of Parliament share a different allegiance, not to the local residents they represent but to a monarch far removed from the Sutherland shire.

This bill will cure that anomaly. Our members of Parliament and our new citizens will then have similar and consistent pledges of allegiance. If one of the new citizens sworn in last Friday has the honour of being elected as a State member of Parliament he or she will not, after the passage of this bill, have to change allegiance, as the law presently requires. Their allegiance will remain where it belongs: to the people they serve. Another good reason to support this bill can be found in section 5 of the New South Wales Constitution Act, which states:

The Legislature shall ... have power to make laws for the peace, welfare and good government of NSW in all cases whatsoever.

Good government is responsible government. As a democratically elected member of the Legislature of New South Wales, Australia, to whom am I responsible? The answer in the twenty-first century is self-evident: I am responsible to Australia and to the people of New South Wales. My loyalty—my allegiance—must be to those whom I am elected to represent: the community whose aspirations I reflect and the people I serve. It follows that I should pledge my loyalty to Australia and the people I represent in the terms proposed in this bill. The present pledge is simply redundant for all practical purposes. The people I represent—personally represent—live in the Sutherland shire.

The last time I recall Her Majesty visiting the shire was 34 years ago, in 1970 on the 200th anniversary of Cook's landing at Kurnell. I caught a fleeting glimpse of her as her Rolls Royce sped towards the city along the Kingsway at Caringbah. I must say that, while I respect the Queen, Her Majesty has little to do with the modern progress in the Sutherland shire. She is not at the forefront of my thoughts when I am making decisions about how best to serve my constituents. Despite the oath, and our colonial past, it is not about "Queen and country". For me, it is simply about "country".

The existing oath is outmoded and outdated and reflects a time of empire, a time when Australia, and every other continent on a world map, was to a greater or lesser extent coloured red—a time when the sun never set on the British Empire. That time has come and gone. We have been a Federation with independent government for more than 100 years. Our national anthem is no longer *God Save the Queen* but *Advance Australia Fair*. Our present oath of allegiance as members of Parliament does not even mention our country. That, in itself, is yet another reason to support this bill. Finally, we should not trivialise the importance of this bill. To do so is to underestimate the significance and the power of loyalty to inspire a nation and its people.

Historians will readily cite the loyalty displayed by King George VI and the Queen Mother to the British people when, contrary to all advice, they refused to leave London during the Blitz. But I am also mindful of the loyalty our great Prime Minister, John Curtin, showed when he withdrew Australian troops from the Middle East, contrary to the wishes of Churchill to defend Australia when invasion threatened from the north. Australia came first, before empire, when it came to the crunch. Like Curtin, the loyalty of every Australian must be, first and foremost, to our country and to our people. We must express that loyalty in the oaths and pledges we take, whether as members of Parliament in the New South Wales Legislature or otherwise. I commend the honourable member for Liverpool for introducing this bill. I commend the bill to the House.

Debate adjourned on motion by Mr Thomas George.

SPECIAL ADJOURNMENT

Motion by Mr Carl Scully agreed to:

That the House at its rising this day do adjourn until Thursday 13 May 2004 at 10.00 a.m.

BUSINESS OF THE HOUSE

Divisions and Quorums: Suspension of Standing and Sessional Orders

Motion by Mr Carl Scully agreed to:

That standing and sessional orders be suspended to provide that for the remainder of this sitting no quorums shall be called and any divisions called shall be deferred, set down as an order of the day for tomorrow and determined after questions without notice.

INSTITUTE OF TEACHERS BILL

Bill introduced and read a first time.

Second Reading

Dr ANDREW REFSHAUGE (Marrickville—Deputy Premier, Minister for Education and Training, and Minister for Aboriginal Affairs) [9.53 p.m.]: I move:

That this bill be now read a second time.

In bringing the Institute of Teachers Bill to the House, I acknowledge the detailed and constructive advice from stakeholders. While not all wishes could be fully met, this is a good piece of policy, a major reform and a very good bill. We would not have reached this stage if it were not for the committed input and constructive criticisms of individuals and representatives of the Professional Teaching Council, the Primary and Secondary Principals Associations in the government sector, the Catholic Education Commission, the Association of Independent Schools, the Teachers Federation, the Independent Education Union and parent organisations. An institute to represent the professional interests of teachers will have both significant and positive impacts on the profession, and most importantly on the quality of learning for our children. In particular, an Institute of Teachers will provide an objective means to articulate professional standards; support the career-long development of teachers; assure both the profession and the community of the quality of teacher education programs; accredit and recognise the high quality teaching that exists in schools; support and improve teaching; and raise the quality of student learning outcomes.

In June 2002 my predecessor established the Interim Committee for a NSW Institute of Teachers, chaired by Professor Alan Hayes, Dean of the Australian Centre for Educational Studies at Macquarie University. The Committee reported to me in July 2003. The cornerstone of the committee's work is the development of a framework of professional standards. A draft of these standards has been in the public domain since 2003. In the near future, the draft standards will be subject to a comprehensive validation study by the University of New England, involving 7,000 teachers from different sectors across the State. A New South Wales Institute of Teachers is needed to assure the ongoing quality of the professional skills and capacities of teachers. This can be achieved through professional teaching standards linked to a teacher's professional development for the entirety of their career.

I now turn to the detail of the Institute of Teachers Bill. In part 1, preliminary, one will find the definitions. There are three key definitions that are fundamental to this bill. They are "teach", "teacher" and "accredited". This bill breaks new ground in defining the terms "teach" and "teacher" for the purposes of teacher accreditation. The bill defines "teach" as undertaking duties that include, but are not limited to, the direct delivery of courses of study that are designed to implement the curriculum, as determined by the Board of Studies under the Education Act 1990, combined with the responsibility for assessing student performance, progress and participation in such courses. It is critical to make clear that this definition does not extend to people with particular skills who assist schools and teachers in specialist areas. Examples might be people who tutor music or coach sporting teams, visiting artists, school chaplains, work place assessors of higher school certificate vocational education and training courses, or people who work in schools offering courses in, for example, study skills and so on. Those people will not be required to be accredited but are able to apply if they meet the requirements.

The Government has no problem with schools employing these people to enrich the educational experience of students and would want to encourage their participation in schools. But they are not required to be accredited as teachers for the purpose of this bill. This definition is important because it draws a distinction between those who are teachers who should be accredited and those for whom this legislation is not intended. However, in its specificity it is capable of including teachers such as school librarians, itinerant support teachers, and casual and temporary teachers who are essential to supporting and maintaining learning in schools. A "teacher" is quite simply a person who is or is to be employed to undertake the delivery of a course of study designed to implement the board curriculum and assess students' participation in those courses. This does not, of course, preclude them undertaking other duties that are part of daily school life or teaching activities in addition to the delivery of board-determined courses. I will direct the institute to monitor the application of these terms after the first year of its operation.

"Accredited" is the formal acknowledgement that a person has satisfied the requirements of the professional standards for which they have made application. There are four career stages at which people can

be accredited. Two are mandatory: graduate teacher and professional competence. The two higher levels of professional accomplishment and professional leadership are voluntary. Responsibility for approving those with authority to accredit schools in Government schools is vested in the Director-General. The Minister will have that responsibility for non-government schools. Along with this power to approve comes the power to suspend or revoke the approval of a body or person to accredit teachers if they fail to uphold the standards.

Part 2 of the bill outlines the constitution and functions of the institute. The institute will be responsible for advising the Minister on matters as set out in part 2, division 1, clause 7. These cover the development, function and application of the professional teaching standards. In that role the institute will ensure the standards are fairly and consistently applied and the processes for accrediting teachers are supported and monitored. In monitoring the application of the standards the institute will work closely with the Board of Studies. It will not create an inspectorial system replicating the work of the board, nor will it replicate the recently introduced mandatory reporting requirements in non-government schools. It will rely on its capacity to share information with the Board of Studies and to identify and monitor patterns of accreditation decisions within and across schools.

This process of information sharing should ensure that schools or school systems will not bear compliance costs arising from the institute's monitoring processes. Additionally, the Minister is responsible for approving the persons or bodies who provide initial and continuing teacher education courses and programs, and those who provide professional development courses in accordance with the requirements of the professional teaching standards. The institute will limit its involvement with professional development to courses supporting the accreditation of teachers.

The institute will be led by a chairperson who will be a respected educator. There will be a Board of Governance and a Quality Teacher Council. The chairperson will chair both those bodies. The board will be responsible for overseeing the operations of the institute, and monitoring its management, performance and governance. The principal source of advice to the institute on professional matters that impact on the profession of teaching, will be the Quality Teaching Council. The council will comprise 21 members, including the institute's chairperson. Ten members will be teachers who are elected. The institute will prepare a roll of teachers, and the 10 elected members will be drawn from that roll, and elected by teachers. The election will be conducted by the Electoral Commission. Electoral colleges will be established so that the interests of all teachers are fairly represented. Initially, these colleges will allow for the election of seven government school teachers, including a principal of a government high school and a principal of a government primary school. Two teachers will be elected from amongst teachers working within Catholic schools and one from independent schools.

These distributions reflect the proportions of students within each sector. Regulations will be drafted to bring these intentions into effect. Establishing these colleges in regulation will allow changes to the number of people to be elected from each sector should there be a change in the enrolment share. The remaining 10 members of the council will be appointed by the Minister and will include nominees from the teacher unions, the Board of Studies, government and non-government schools, teacher education providers, the Professional Teachers Council, parents and the community. The chief executive officer will be responsible for the operations of the institute. The roll of teachers will include an electoral list as well as a list of accredited teachers. The electoral list is to exist for only one purpose. That is to allow for the conduct of the elections of council members. Being on the roll will have no bearing upon whether an existing teacher is able to be employed or not.

Part 4 of the bill addresses the accreditation of teachers against the professional standards at four levels. Teacher accreditation authorities are those persons or bodies in New South Wales vested with the authority to accredit teachers against the professional standards. In government schools the Director-General of Education will approve people such as school principals and regional directors to undertake this role. These accrediting authorities should be people in a position, generally at school level, who are able to make their decisions based on first hand information and observations.

In non-government schools the accrediting authority will be persons or bodies approved by the Minister. Examples might be individual principals, school authorities or representatives of particular school systems. In the first instance all registered and provisionally registered schools will be the accreditation authorities unless they advise the Minister otherwise. The Minister and director-general will have discretion in approving different authorities to undertake accreditation at each level if such arrangements are more effective at a school or within a system of schools. The institute will advise and assist teachers in schools that may not be approved or have the capacity to accredit teachers at some levels to access an appropriate accreditation authority.

Part 4, division 2, clause 21 deals with the rights and responsibilities of those accrediting teachers at a school level. It covers the ability to both accredit teachers employed at the school or seeking employment at the school. Once a teacher is accredited, accreditation has force in any school. However, that accreditation may be revoked by the authority in any school at which that teacher is employed at the time of the revocation. All accredited teachers must pay a fee to the institute. It is a condition of the accreditation that the fee is paid. Refusal or failure to accredit, or revocation of accreditation may be subject to a full merit review by the Administrative Decisions Tribunal. Given that the institute is to have no industrial function, it is appropriate that an accreditation decision is seen as an "administrative" decision.

A person will not need to be accredited until they are employed. This means accreditation authorities will only be required to consider the accreditation of a successful candidate for employment. The role of the institute to advise and monitor the application of accreditation will ensure fair, valid and consistent decisions are made for teachers wherever they teach in the State. It will also ensure that accreditation will not be used unfairly or in ways in which it is not intended.

Part 4 division 3 deals with new scheme teachers. These are people who have never been employed to teach in New South Wales before 1 January 2005 and who will be employed to teach for the first time after that date. New scheme teachers are also existing teachers who return to teaching after an absence of five or more years following commencement of this Act. These teachers will be required to undergo a modified accreditation process to ensure their knowledge of curriculum and assessment is current. There are specific provisions, however, to enable continuation of existing pathways into teaching including early entry for graduates.

The definition of new scheme teachers is intended to separate them from teachers in the existing work force. Existing teachers are not required to be accredited but they can volunteer to be accredited. They will not pay fees unless they are accredited. They are eligible to vote for elected members of the Quality Teaching Council. Clause 29 states that new scheme teachers must not be employed unless they are either provisionally or conditionally accredited. Conditionally accredited teachers must be under the on-site supervision of another teacher who is neither provisionally nor conditionally accredited. This does not mean that they can teach only with a supervisor in the room. It means that there must be someone at the school with responsibility for overseeing their teaching.

Provisional accreditation is available to those who have met the requirements specified in the professional teaching standards for entry to teaching. In most cases that means the person has full teaching qualifications, that is, has completed an approved teacher education course and reached graduate teacher level. Provisionally accredited teachers will also be required to reach professional competence level within three years of being granted their provisional accreditation if they are employed on a full-time basis. Specific provisions are made in the bill for casual or temporary teachers to achieve professional competence.

Provisional accreditation ceases at the end of the period, or sooner, if the person is accredited at the level of professional competence by an accrediting authority. Conditional accreditation, similarly, relates to new scheme teachers and is for people who have completed a degree in a relevant area but do not hold a teaching qualification or who have completed a substantial part of a teacher education degree. Conditional accreditation also applies to transition scheme teachers. New teachers who are conditionally accredited teachers will be required to undertake further professional development or teacher education on the advice of the institute. They will have four years from the date of their conditional accreditation to meet the terms of their accreditation and to obtain accreditation at professional competence level if they are employed on a full-time basis. The provisional and conditional accreditation pathways into teaching are intended to facilitate entry into teaching rather than to present unnecessary barriers into the profession. There is a capacity to recognise existing skills and prior experiences of conditionally accredited teachers.

Teachers should achieve, as a minimum, a degree or tertiary equivalent as well as appropriate education credentials. The institute will support and advise accreditation authorities on the combination of tertiary study, experience and professional development required for equivalence to a recognised educational qualification. Accreditation authorities will heed the advice of the institute, which will have responsibility for ensuring consistently high standards in the application of conditional accreditation. The institute will work with universities and other higher education institutions to ensure combinations of tertiary study, professional development and work experience can be recognised formally by those institutions. Clause 32 allows our new scheme teachers who are either provisionally accredited or conditionally accredited to seek accreditation at the level of professional competence at any time.

Clause 33 permits revocation of the provisional or conditional accreditation of new scheme teachers if the accreditation authority is satisfied the person has failed to comply with the conditions of their accreditation.

If a new scheme teacher is refused accreditation at professional competence level or has their provisional or conditional accreditation revoked, they may seek to undertake the accreditation again within the same or a subsequent school but within the relevant period. Any teacher can have their accreditation revoked for serious offences that make them unsuitable to be teachers. Division 4 deals with the mandatory accreditation of transition scheme teachers. It deals with concerns about a small number of people who are currently employed as teachers in a school but at the time of commencement of this legislation either do not hold a teaching qualification or do not hold a degree or a teaching qualification prescribed by the regulations.

Under clause 35, transition scheme teachers must not be employed in schools unless they are conditionally accredited and working under on-site supervision whilst they complete a degree relevant to their teaching. The person must pursue that degree at reasonable pace; if not, their conditional accreditation will cease after seven years. Clause 38 deals with the revocation of the accreditation of transition scheme teachers. Part 4, division 5, clause 39 covers the voluntary accreditation of teachers and applies to teachers who are not either new scheme or transition scheme teachers. These teachers may apply to the accreditation authority at the levels of professional competence, professional accomplishment or professional leadership. The higher levels of professional accomplishment and leadership will apply to a small minority of teachers in schools. The experiences required to attain these levels will be available only to teachers who have extensive experience across a range of teaching contexts and who have demonstrated high level expertise across all elements of the standards.

Accreditation at the level of professional leadership will comprise, by definition, a very small proportion of teachers. The processes for accreditation at the higher levels will reflect the significance of the status associated with these levels. The processes will be rigorous and involve a high level of moderation by the Institute of Teachers. The institute will provide teachers with detailed information about the requirements for meeting accreditation at these levels. This will ensure that only those teachers who have the appropriate capacities, skills, knowledge and expertise will apply for accreditation at these levels. Application for accreditation at these levels may require the support of the principal or representative from the accreditation authority.

Clause 40 deals with the accreditation at higher levels of new and transition scheme teachers. Teachers in both schemes may apply for accreditation at the levels of professional accomplishment and professional leadership. In all cases, the revocation of accreditation at the professional competence standard also means revocation of accreditation at the higher levels. Accredited teachers will pay an annual fee. The institute will be empowered to accept fees paid by teachers. There will also be application fees at the higher levels.

I want to draw attention to schedule 4, clause 4.1, which amends the Education Act 1990, and specifically to the clause relating to the registration of non-government schools. The amendment recognises a clear distinction between the responsibility of the institute for setting standards and accrediting teachers and the responsibilities of the Board of Studies for assuring the quality of teaching through the registration of non-government schools. The amendment also recognises the practical need for the board to have discretion to make holistic judgements about the capacities, skills and experience of a school's staff to deliver the curriculum. In doing so, the board will have regard to requirements for teacher accreditation as specified under this Act as well as other pertinent factors.

I want to assure non-government school authorities that discretion will be applied in decisions about school registration arising from inadvertent or isolated breaches of teacher accreditation requirements. This includes one-off breaches that may occur in emergency school staffing circumstances or where teachers face loss of accreditation for refusal to pay their fees. Further, while accreditation sets professional requirements, schools and school systems can continue to set additional employment requirements over and above those outlined for accreditation. Our State has a long tradition of excellence and leadership in education. The Institute of Teachers will nurture the profession of teaching and build on the magnificent quality of education our children receive in each and every school in New South Wales. I commend this bill to the House.

Debate adjourned on motion by Ms Jillian Skinner.

STATE WATER CORPORATION BILL

Bill introduced and read a first time.

Second Reading

Mr FRANK SARTOR (Rockdale—Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts) [10.15 p.m.]: I move:

That this bill be now read a second time.

The bill establishes State Water as a statutory State-owned corporation [SOC] within the context of the State Owned Corporations Act 1989. It also makes consequential amendments to the Water Management Act 2000, the Independent Pricing and Regulatory Tribunal Act 1992 and other Acts. State Water is currently a business unit within the Department of Energy, Utilities and Sustainability that delivers bulk water in country New South Wales. State Water has around 6,000 customers, including irrigation areas, country towns, farms, mines and electricity generators. It also meets community needs by providing water for stock and domestic users. The business is also responsible for delivering environmental flows and, in this sense, it makes a key contribution towards this Government's impressive water reforms, including the new water-sharing plans that will shortly take effect.

State Water operates 18 major dams and more than 400 weirs and associated assets on regulated rivers, that is, rivers where the natural flow of water is regulated by such water management works. State Water is currently not a legal entity in its own right. It operates as part of the Water Administration Ministerial Corporation [WAMC], which is effectively another name for the Department of Infrastructure, Planning and Natural Resources. The bill allows for the transfer of the appropriate assets, rights and liabilities from the WAMC to the State Water Corporation. Under the bill, State Water's principal objective is to supply water to licensed users, the environment and stock and domestic users in an efficient, effective and financially responsible manner.

The bill also replicates the standard objectives set out in the State Owned Corporations Act, including requirements to be a successful business, to exhibit a sense of social responsibility, to exhibit a sense of responsibility towards regional development and decentralisation and, of course, to comply with the principles of ecologically sustainable development as defined by the Protection of the Environment Administration Act 1991. The bill confers functions on State Water to supply water; construct, maintain and operate water management works and flood mitigation. The bill also allows State Water to conduct other activities that would further its objectives, subject to the terms of its operating licence. The bill requires State Water to carry out functions conferred or imposed by other Acts or laws. The bill also gives the corporation power of entry to land, so that authorised officers can continue to perform meter reading and compliance functions.

The bill makes provision for State Water to charge its customers for services provided, in line with prices set by the Independent Pricing and Regulatory Tribunal. In April 2003, State Water was transferred from the former Department of Land and Water Conservation to the Department of Energy, Utilities and Sustainability. This was the first step in removing the inherent conflict of interest of having a water delivery business located within the same department that regulates natural resource management. Corporatisation will complete the separation of the Government's water delivery functions from its policy and regulatory functions, and pave the way for State Water to become an efficient business operating on commercial principles. Changing State Water to an SOC will expose it to similar corporate governance structures, disciplines and incentives that apply in the private sector, including an independent and commercial board of directors, a capital structure, agreed performance targets with its shareholders and clear, arm's-length relationships with government regulators.

Corporatisation allows for five outcomes. First, it allows for clear commercial objectives. Second, it allows rigorous, independent performance monitoring by the Government. Third, it creates appropriate managerial autonomy. Fourth, it allows for stronger linkages between managerial performance and rewards or sanctions. Fifth, it ensures competitive neutrality by removing any special advantages or disadvantages that arise due to government ownership. Corporatising State Water will improve the transparency of its functions and costs and create a more commercially focused water delivery business. People in country New South Wales will be able to deal with a more accountable and efficient water business instead of the old departmental culture.

As all honourable members know, this Government consults widely with affected stakeholders whenever it is proposing major reforms. The feedback that I have received from State Water's customers is largely supportive of corporatisation and shows that country people are looking forward to the improvements that it will bring. Let me stress at the outset that the Government will continue to own State Water: There are no plans to privatise the business. In common with other such organisations, the Treasurer and the Assistant Treasurer will be the shareholders. The Minister for Energy and Utilities will be the portfolio Minister. The shareholding Ministers will table in Parliament an annual statement of corporate intent which sets out the corporation's financial and performance objectives.

State Water's corporate governance will be based on the standard arrangements for statutory State-owned corporations, which are detailed in the State Owned Corporations Act 1989. The bill provides for a board comprising at least three and not more than eight directors, appointed by the voting shareholders in consultation with the portfolio Minister. The board will have an appropriate mix of commercial, financial and water management skills. The bill provides for the New South Wales Labor Council to be involved in the selection process for one director. The chief executive officer is to also be a director. The employment arrangements for the chief executive officer are set out in the bill, and are consistent with other SOC's including the energy services corporations.

The bill provides for State Water to be issued with an operating licence which sets out the terms and conditions under which State Water is to operate. This is similar to the arrangements that apply to the Government's other water delivery businesses, namely, Sydney Water, Hunter Water and the Sydney Catchment Authority. The bill requires that State Water's compliance with its operating licence will be audited periodically by the Independent Pricing and Regulatory Tribunal [IPART]. The bill sets out appropriate sanctions if State Water contravenes its operating licence, including directives to rectify the contravention, monetary penalties, and cancellation of the operating licence in extreme circumstances.

The bill specifies State Water's area of operations, which excludes the area of operations of the Sydney Water Corporation, the Hunter Water Corporation and the local government areas of Wyong and Gosford. The bill makes provision for the transfer of the Fish River Water Supply Authority to State Water. The Fish River Water Supply Authority is a small government-owned water delivery business in Oberon. The transfer will occur after State Water has been corporatised and will provide Fish River with an improved governance and accountability framework. The governance structure of State Water will allow it to operate with greater commercial responsiveness while maintaining all the necessary checks and balances to ensure that the environmental outcomes are not compromised.

The corporatisation of State Water is a great result for the environment because, for the first time, State Water will have transparent and codified relationships with all of its regulators that clearly set out its environmental requirements. This corporatisation is taking place against a background of increasing community awareness of the need for sustainable water use and major reforms about the way in which water is managed. Under this Government's water reform agenda, new water sharing plans under the Water Management Act 2000 will shortly come into effect. The plans clearly set out the detailed rules for sharing water between the environment and extractive users. Similarly, the Government is developing a strategy for addressing the effects of cold water pollution on our regulated rivers.

The regulatory requirements of State Water will be clearly specified in a water management works approval to be issued by the Minister for Natural Resources. State Water has a good record of working with NSW Fisheries, which will soon be a part of the new Department of Primary Industries, to address the fish passage requirements of the Fisheries Management Act 1994. The operating licence will require State Water to enter into a memorandum of understanding with NSW Fisheries to formalise the specific environmental outcomes.

The bill guarantees that IPART will continue to regulate bulk water prices. IPART's current determination expires on 30 June 2004. As the regulatory model for the new corporation was only recently finalised, there is insufficient time for IPART to make a new determination commencing on 1 July 2004. As announced on 18 March 2004, the next determination has been deferred for one year to 1 July 2005. The bill makes provision for the current prices to be rolled over in the interim period with Consumer Price Index increases. This reflects the Carr Government's commitment to national competition policy requirements for full cost recovery.

The bill also makes provision for IPART to regulate State Water's water delivery costs separately from the resource management and regulatory costs incurred by the Department of Infrastructure, Planning and Natural Resources [DIPNR]. This will provide a new level of clarity and transparency that both irrigation and environmental groups alike have been crying out for. State Water will make its own submissions to IPART for the recovery of its water delivery costs, and DIPNR will make separate submissions for the recovery of its water resource management costs.

State Water provides jobs for approximately 230 people, mostly in country New South Wales. The Government has worked constructively with employees and their unions throughout the corporatisation process. The bill sets out the provisions for transferring staff to the new SOC. All State Water staff will be transferred

into the new SOC and their existing accrued entitlements and conditions of employment will be preserved. Under the State Owned Corporations Act 1989, staff members transferred into the new corporation may within three years apply for a position in the public service as if they are still public servants. Corporatising State Water will result in governance, management and regulatory structures that will better position the business to respond effectively to the commercial and environmental challenges of the future. I commend the bill to the House.

Debate adjourned on motion by Mr Thomas George.

The House adjourned at 10.26 p.m. until Thursday 13 May 2004 at 10.00 a.m.
