

LEGISLATIVE ASSEMBLY

Wednesday 14 September 2005

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 tabled, pursuant to section 38E of the Public Finance and Audit Act 1983, a performance audit report of the Auditor-General entitled "Managing and Measuring Success: Department of Juvenile Justice", dated September 2005.

DUTIES AMENDMENT (ABOLITION OF VENDOR DUTY) BILL

Second Reading

Debate resumed from 13 September 2005.

Mr PETER DEBNAM (Vaucluse—Leader of the Opposition) [10.05 a.m.]: I usually start my contribution to debate on a bill by saying that it is a pleasure to talk on the bill, but it is not a pleasure to talk on this bill. This bill had to be introduced because the tax should never have been introduced in the first place. This bill is needed to abolish that tax and obviously the bill would have been unnecessary had the Labor Party managed the budget, but it did not. The object of the Duties Amendment (Abolition of Vendor Duty) Bill is to amend the Duties Act 1997 to abolish vendor duty, and duty on the disposal of interests in land-rich companies and trust schemes, on and from 2 August 2005, which is a very important date, as we discussed yesterday.

Clause 1 of the bill sets out the name, also called the short title, of the proposed Act. Clause 2 provides for the commencement of the proposed Act on 2 August 2005, being the date on which the abolition of vendor duty was first announced, and I will come back to that. Clause 3 is a formal provision that gives effect to the amendments to the Duties Act 1997 set out in schedule 1 to the bill. When the Premier introduced this bill yesterday he said:

It is a very simple piece of legislation and it does two things. First, it abolishes vendor duty for all contracts exchanged on or after 2 August this year. Second, it abolishes disposal duty, the vendor duty equivalent for people with indirect interests in property, for all contracts exchanged on or after 2 August this year.

The Premier was correct in only one part of that statement, that is, it is a very simple piece of legislation and that it does do two things. First, it confirms the Labor Party as the biggest hypocrite in New South Wales, ever. In that regard it confirms financial mismanagement as the key issue in New South Wales today, and for the next 18 months, and probably for the next five to six years.

Ms Virginia Judge: We have a triple-A rating in this State.

Mr PETER DEBNAM: The honourable member for Strathfield jokes about a triple-A rating. Obviously she does not remember that even Standard and Poor's, one of the two key credit agencies in establishing that triple-A rating, warned the Government a couple of months ago that it was in dire peril of unravelling the budget. It was Standard and Poor's that noted New South Wales was the highest taxing State in Australia and put the Government on notice that the budget was unravelling.

Mr SPEAKER: Order! The honourable member for Strathfield will come to order.

Mr PETER DEBNAM: I think she is doing a good job on behalf of the Government in highlighting financial mismanagement. A couple of months ago Standard and Poor's confirmed to the Government that it was in real trouble. As the honourable member for Southern Highlands confirmed time and time again, the

Government was in deep deficit and its taxing position for the past 10 years meant that it had very few options to get out of that deficit. The Duties Amendment (Abolition of Vendor Duty) Bill does two things: first, it is simple and confirms Labor as the biggest hypocrite in the State and, second, it gets rid of the world's dumbest tax.

For months the Opposition told the Government that the vendor duty was the world's dumbest tax. The Premier has had to come into the Chamber and apologise to the people of New South Wales for the dumbest legislation ever introduced into this Parliament. Also, the date was critical because as the Opposition demonstrated yesterday, the Government simply delayed the date. It knew that there would be a new Premier and that the new Premier needed something to kick-start his so-called new Government. That kick-start was the abolition of this tax, but the net effect was that it took \$60 million from the people of New South Wales who were forced to pay that duty between the time the Government decided to get rid of the tax and the time it decided it was politically opportune for Premier Iemma to get rid of it. The Opposition would like the Government to say how many people were affected in that period, how many people contributed to that \$60 million unnecessarily, because Sussex Street wanted to delay the removal of the tax until 2 August.

Mr SPEAKER: Order! The honourable member for East Hills will come to order.

Mr PETER DEBNAM: Treasury and the people of New South Wales might like to tell the Opposition where those people are, in which electorates. I am sure that the honourable member for East Hills might have one or two, or even more, of them in his electorate. I would be happy to meet with them, as I meet with his constituents on planning, rail, road and policing issues. I have received many requests to go out to the electorate of East Hills—which I have had to delay for a few weeks—because people know that he is the lazy member in Parliament. We made the point yesterday that with this particular tax the Labor Government had dug a hole and now it is claiming credit for filling it in. It is the world's dumbest tax and it was at that time. It killed investment activity and building activity in New South Wales and, finally, the Government was forced to get rid of it. But even then, in its usual hypocritical fashion, the Government delayed doing so until it suited the Sussex Street mandarins.

This tax killed investment and building activity and the sincere hope in the Labor Party is that things might pick up quickly. We are very aware that Premier Morris Iemma has a dream, and that dream is to reintroduce this tax. He attached himself wholeheartedly to this tax and his dream is to reintroduce it. If Labor felt it was in a strong position some time in the next 18 months it might be bold enough to do it. I am of the view that Labor will not be in a strong position in the next 18 months, and it is another reason that people simply will not vote Labor on 24 March 2007. They know that philosophically Labor is deeply attached to this sort of tax. And, heaven forbid, if Labor were to be re-elected on 24 March—and I do not think that it will be—the people of New South Wales know that the Government would reintroduce the vendor duty. Indeed, not only would it reintroduce this duty, it would also increase land tax, immediately put up train fares and probably start to look at those other taxes it has had to amend over the last couple of years as it got into real trouble.

The people of New South Wales know that if Labor were re-elected on 24 March 2007 it would be on for young and old—for all the Treasury mandarins to get out their wish list and go through one tax after another, one charge after another. As the Government has demonstrated over the past 10 years, its only creativity is increasing revenue. On behalf of the people of New South Wales we say thank goodness the Government has now acknowledged that this was always the world's dumbest tax. We also put on record that we all know what the Government is planning. We know it has a dream and that it will reintroduce this tax.

Ms VIRGINIA JUDGE (Strathfield) [10.13 a.m.]: I support the Duties Amendment (Abolition of Vendor Duty) Bill. Over a period of time people in many areas of New South Wales, but particularly in the inner-west electorate of Strathfield, which I am privileged to serve, have expressed concern about the introduction of the New South Wales vendor tax. It is important to keep in context that the decision to first impose this tax was at a time when the property market was in a sudden surge of rapid growth. That is no longer the case and over a period of time I have received a substantive amount of correspondence on this issue. Constituents wrote to me complaining about the tax, which they thought discouraged people from buying their own homes.

Most people realise the importance of owning their own homes; they are our nest eggs, our safety nets. Those who are privileged enough to have jobs and to afford to buy a home realise that they are a tangible asset, which we may, at some point in the future if we so desire, pass on to our children and then our grandchildren. I received a well-constructed letter dated 7 March 2005 from one of my constituents in Croydon Park, which stated:

We are writing to you as our local member to seek consideration of you making a representation on our behalf to the State Treasurer—

Of course, we have a different Treasurer now and I did write to him—

We request that the lowering of the threshold of land tax on non-residential properties, and the imposition of a vendor tax on these types of properties be reversed.

Our circumstances are that we have our principal residence here in Croydon Park and a modest home unit at The Entrance. The unit is used by ourselves and other family members for holiday purposes and does not generate any rental income.

We are not high income earners and have acquired this holiday property through savings. The new tax imposes an increasing burden upon our income and is considered by us an impost with little benefit for the average income earner.

We ask that we be given the opportunity of meeting with you to discuss this matter personally ...

The phone number was provided. I had a long conversation with one of the generators of this letter. Indeed, this is why the State Labor Government, this progressive Government, has agreed to scrap the tax. We listen and we act and this bill is in response to genuine concerns expressed by members of the community. The tax will be removed from all contracts exchanged from 2 August 2005 and we make no apologies because it is a good initiative. The decision to remove the tax will help stimulate market activity and provide a positive atmosphere for the property and building industries. Indeed, research shows that the average property investor could save around \$10,000 as a result of the decision to scrap the tax.

This excellent decision by the Iemma Labor Government has been well received by the community. Since the decision was made, I have received a number of letters and phone calls thanking the Iemma Government, and I am sure my colleagues have received a similar response. We have also ensured that strict anti-avoidance measures are in place to prevent any scurrilous activities by people seeking to avoid the vendor tax by cancelling contracts that were exchanged before 2 August 2005 and replacing them with substitute contracts. The provisions have been widely publicised to deter people from rescinding contracts for which they are liable. The abolition of the vendor duty was one of the first actions of new Premier Iemma and demonstrates that he is listening to the community. I congratulate the Premier and all Government members.

Contrary to the false assertions of the Leader of the Opposition, this bill is a pro-active response. We have listened and heard the concerns of the community and acted accordingly. The Leader of the Opposition said that our new leader had a dream. I am sure that our Premier has many great dreams and ideas about ways to broaden opportunities for those who live in New South Wales. Contrary again to the false assertions of the Leader of the Opposition, this State is managed well and has a sound economy. The bill demonstrates that Premier Iemma is a sensitive man who has listened to the community. Indeed, as members of Parliament we are elected to do the best we can to broaden opportunities for all Australians. I congratulate the Premier on this initiative and commend the bill to the House.

Mr DONALD PAGE (Ballina—Deputy Leader of The Nationals) [10.20 a.m.]: This legislation is proof that this Labor Government is incompetent. The vendor tax is a bad tax, for at least four reasons. It killed the New South Wales investment property market and sent investors across the border, which in my part of the world meant Queensland. We have an ageing population in this State and should be encouraging people to be self-sufficient by creating nest eggs for their retirement, not depending on the Government for their retirement income. With the introduction of the vendor tax people were more reluctant to invest in property. That meant they were less likely to be able to provide for their own retirement and, therefore, more likely to be dependent on taxpayers in future.

If we take into account the number of baby boomers in our community and our ageing population, it is a significant issue. The vendor tax was a poor tax from that broader social perspective. We have an affordable housing problem in New South Wales. The vendor tax also caused people not to want to invest in investment properties, in particular, rental properties. If fewer investment rental properties are available, fewer people can rent them at a relatively cheap price. People are experiencing difficulty in finding affordable housing. The vendor tax had the effect of driving people away from the investment rental property market. About six months ago I was talking to real estate agents who indicated that they normally sold about seven rental properties a month but they had not sold one in three months.

The vendor tax has had a significant impact on the investment rental property market. The vendor tax has also impacted on mum and dad investors and it has had a broader impact on the market as a whole. The March 2005 quarter had a 27 per cent slump in property turnover for houses and a 30 per cent slump in turnover

for units as a direct result of the vendor duty. The vendor tax had a broad impact on the property market, which resulted in investment being moved away from New South Wales and into other more favourable States. The vendor tax also impacted unfavourably on people. In my electorate many people have suffered great financial hardship as a result of this unfair tax. Local residents were charged vendor duty on their principal places of residence.

In one case a family had a sudden change in its personal financial circumstances and was unable to complete the construction of its home. The family had to take out a loan to pay land tax on the property and was faced with selling the half-completed home to service the debt, thereby making itself liable for vendor duty on the sale of the home as it was unable to complete construction and move in. Another couple, having moved from their principal place of residence in Lennox Head to another house in the same town within the two-year period mandated by this Government, paid vendor tax of over \$9,000. They simply moved from one principal place of residence to another, which we should all have the right to do.

As a result they were hit with a massive vendor tax bill. They earned no investment income on their property and never intended the property to be used for investment purposes. As a result of implementing their free choice to move to another family home within a two-year period they were hit with a massive vendor tax bill. These cases highlight the unfairness and harshness of the Labor Government's vendor duty. If Labor wanted to kill the property market up and down the New South Wales coast it has certainly succeeded. As Macquarie Bank predicted:

Demand for property along Australia's East coast will continue to be subdued in 2005, with worst hit the investor market as investors hold off buying residential property and pursuing alternative investment classes instead.

The subsequent flight to investments in property other than in New South Wales was understandable. The vendor duty not only was an unreasonable tax; it was also implemented in an unreasonable manner. Property owners were forced to pay the duty prior to settlement, hence people had to take out bridging loans to pay vendor tax. One of my constituents attempted to access her superannuation early, which would be at a penalty of course, so that she could pay her vendor duty. The New South Wales Government's mismanagement and unfair property taxes have discouraged investors and aggravated the housing affordability problem, and they will continue to do so.

In my view New South Wales has an unhealthy reliance on property taxes which now account for approximately 40 per cent of total tax revenue—a jump of 22 per cent in the past decade. The New South Wales Joint Property Group estimated that combined State and local taxes on a new house in a greenfield estate would cost a purchaser more than \$145,000. That comprises approximately 9.4 per cent of the overall house and land value compared to 6 per cent in Victoria and 5 per cent in Queensland. Why would residents in New South Wales not look over the border to Queensland when they know they are going to be hit in New South Wales with high stamp duty on purchase and uncompetitive land tax while they own the property?

The Queensland Government, unlike this incompetent Government, knows that taxes have to be competitive to attract investment. It is doing something about it. The abolition of this tax is too little too late. The New South Wales Government needs to do far more to make us competitive with other States. New South Wales still taxes each resident more than any other State. Each New South Wales resident can expect to pay, on average, \$2,350 per annum compared to \$1,650 in Queensland. The State Government fails to understand that the tax regime and charges in New South Wales make it uncompetitive for industry and small businesses.

A recent analysis by Australian Business Ltd shows that employers in New South Wales are paying an additional \$1,100 per employee in payroll tax and workers compensation premiums than are employers in Queensland. Research shows that New South Wales businesses pay, on average, \$2,627 in payroll tax and workers compensation charges per employee compared to \$1,533 in Queensland; 41 per cent higher than Western Australia at \$1,866; 40 per cent higher than Tasmania, at \$1,870; 28 per cent higher than South Australia, at \$2,055; and 19 per cent higher than Victoria. Whilst the abolition of this vendor duty is a move in the right direction it should never have been imposed in the first place.

The Government needs to do a lot more to its tax regime in order to make New South Wales competitive. I assure those honourable members who do not live near a border as I do that this is a significant issue. A lot of people are not investing in New South Wales but they are investing in Queensland because of the tax regime in this State. The sooner this Government realises it has as real issue on its hands in relation to taxation the better.

Mr ALAN ASHTON (East Hills) [10.28 p.m.]: The honourable member for Ballina just said that this Government has the highest tax regime in Australia. If that were true it would be true only because the Federal Coalition Government decided to take \$13 billion from New South Wales and return only \$10 billion, leaving us with a \$3 billion shortfall. It has the highest paid teachers, nurses, police officers and public service members, so the money has to come from somewhere. To use a phrase that that genius Andrew Peacock used, it is as clear as night follows day that the money has to come from somewhere. The money is not coming from Canberra.

When the GST was first introduced the Federal Government said that all the money would go to the States. Most of the Premiers signed an agreement on the basis that all the money would go to the States and that it would be reasonably distributed based on the size of a State and its needs. Yesterday the Premier said—I and other Government members have said this before—that people believe in a degree of socialism. So it is quite appropriate for bigger States to subsidise the Northern Territory, South Australia and some other States that might be battling at times. However, the idea that we should be supplementing the incomes of the people of Queensland—Government members do not call them bludgers—is ridiculous. We should not be subsidising Queensland to such an extent, but we are not the ones doing it; it is Canberra and the Commonwealth Grants Commission. The Opposition amendment put forward yesterday was ridiculous.

Mr Thomas George: Nothing's changed.

Mr ALAN ASHTON: Every time I interjected I was called to order. The honourable member for Lismore should be quiet.

Mr Peter Debnam: You're a schoolteacher.

Mr ALAN ASHTON: And I do not want to go back to teaching in a hurry! The Opposition amendment put forward yesterday was a joke because it said, "Let's go to Queensland and say to Peter Beattie"—he is one of the shrewder State premiers—"Peter, give us our money back'." Of course that will not happen. Under the Constitution, the only people who can do that are John Howard and Peter Costello. And soon it will be Peter Costello—John Howard will be ancient history. The Prime Minister has certainly made a lot of mistakes lately, and intermingling in New South Wales State politics is clearly one of them. I am sure that more will be said about that on another day.

The vendor tax was introduced at a time when the market was bowling along but at an unrealistic level. Properties were being put on sale for hundreds of thousands of dollars more than their real worth. Anyone who knows a little about history—everyone accepts that I know a little about history at least—knows that it was reminiscent of the 1920s, when people bought things they did not need on the basis that they could sell them the next day on the New York Stock Exchange for twice the sum. And it worked for many months until suddenly overproduction and underconsumption became a problem, and we were left with the Great Depression. The lesson from that is that when times are going along just a little too well and everyone is on the bandwagon it is a good time not to jump on. It is a good time to sit back and see whether these things are realistic.

In some cases people in my electorate were charging ridiculous prices for properties. Yet the banks were in a frenzy to pay out the loans because they were making so much money on them. People were overcommitted. Problems arose not because of the introduction of the vendor tax or the land tax; it was simply a correction of the market. We saw the impact of the 2.5 per cent increase in interest rates on the country earlier this year, just after a Federal election in which interest rates were probably the major issue. There are many other components to how an economy runs than just the vendor tax. Honourable members should remember that the Federal Government reduced taxes as well. Having said that, I am not supporting the vendor tax. It is fairly obvious from the representations that Government members made to the then Treasurer and the then Premier that the vendor tax was not the greatest legislation ever put before the Parliament. It was not the greatest tax ever thought of, and the basis of changing it involved a lot of hard work and many representations.

No doubt members opposite also made representations—they know what is going on in their electorates. Government members made many representations to the Government leadership about the need to change the land tax and the vendor tax, and the Government has done so. It was ironic to hear the new Leader of the Opposition speak about Sussex Street and a new Premier making announcements about the tax regime when everyone knows that Bob Carr had not made up his mind about whether he would leave the premiership or stay on, or what he would do. The idea that he would take Sussex Street into his confidence before other colleagues is ludicrous. It was ironic to hear the Leader of the Opposition define what Sussex Street means to the Labor Party—from those who have been the victims of what is called the Taliban of the Liberal Party.

I congratulate the Leader of the Opposition on his appointment. We have always enjoyed a degree of rivalry across the Chamber. Interestingly, this morning he was surrounded by members of the non-Taliban faction—the moderates—of the Liberal Party. Only five or six of the hard-line Taliban faction are left in the Coalition caucus; there may well be more after the next round of preselections unless deals are honoured. We will be sorry to say goodbye to some of the moderates in the Liberal Party. Having said that, members opposite will not have to talk about Sussex Street and we will not have to continue reminding them about the Afghani faction that seems to operate in the background of State Liberal Party politics, if not nationally. It is absolutely a case of winner takes all.

Mr Daryl Maguire: Point of order: The honourable member for East Hills has been speaking for several minutes. During that time he has continually strayed from the leave of the bill. You should ask him to debate the content of the bill.

Mr SPEAKER: Order! The point of order has some validity. I was minded to ask the honourable member for East Hills to return to the leave of the bill. I uphold the point of order.

Mr ALAN ASHTON: I accept the point of order of the honourable member for Wagga Wagga; he is a true judge of a point of order. As I said, the vendor tax was introduced to raise funds simply to run our hospitals and schools, the police service and other services. Of course, to some extent it had an impact in terms of killing off investment in New South Wales or at least putting on the handbrake harder than necessary. Government members who are in consort with the Real Estate Institute and the real estate industry, some of my mates who are real estate agents and others who assess the wealth of property and the like have spoken to me about the impact of the vendor tax on property sales. Indeed, representatives of the Construction, Forestry, Mining and Energy Union—a union I have some time for—said that the vendor tax is having a dramatic impact on its members and on building opportunities for both employers and employees. As a result the Government realised that the tax had affected many more people than intended.

The great strength of the new Premier was to quickly announce, "It's a new regime, and there will be a new tax regime as well." I congratulate the Premier on doing that immediately upon his election to the position; there was no hesitation or delay. It was almost like the new Premier was stamping his authority over Treasury, rather than Treasury seemingly dominating, in some cases, the politics of New South Wales, for the better. Let us hope that the new regime is maintained. It is necessary to have a cut-off date for the abolition of the vendor tax. One person visited my office to complain about being caught in the middle; they had exchanged a contract before 2 August and would be caught under the old regime. While I was sympathetic and sent letters to the Treasurer about that matter, the difficulty is that there will always be someone who misses out, whatever the cut-off date.

I remember that someone in my electorate was able to claim \$3,000 after having a baby at five minutes after midnight on 1 July last year. That is a true story. If the baby had been born six minutes earlier that person would not have received the Federal Government's \$3,000 baby bonus, which had been conveniently announced. I am sure that many people—perhaps hundreds throughout New South Wales—did not receive the baby bonus because they had their baby only one or two days before the cut-off date. It would have been nice if people had been warned about the cut-off date of 2 August, to which the Premier referred in his notes yesterday. However, that was impossible and, whatever the date, someone will always be caught out.

My final point relates to the GST. That topic is relevant because the Premier referred to it during his second reading speech yesterday, and I am entitled to talk about it within the leave of the bill. At a Liberal Party meeting some time ago the Prime Minister, John Howard, promised to do everything he could to destroy the New South Wales Labor Government—that is on the record—and that the GST was the easiest way to do that. If New South Wales is starved of proper funding and its fair share of the GST revenue, cuts will be made or taxes will be increased. Let us not underestimate John Howard. The Labor Party has underestimated him for too long, as has the Liberal Party. Honourable members should remember that the Liberal Party did not want a bar of John Howard in the 1980s. He was Mr Non-electable; it was a case of "Why does this man bother?" But with the advantages of being in Government he has developed a great skill, which is to ensure that New South Wales does not have the funds necessary to maintain essential services; therefore, the New South Wales Labor Government will become unpopular with the electorate and eventually will be turfed out.

That is the only hope the Opposition has. Everyone knows that New South Wales is the major driver of the Australian economy, and it always will be. We have to back this State. I ask the Opposition, which supports this legislation, to back us in another way. I urge Opposition members to come to Canberra with us and put

pressure on the Prime Minister. I urge them to return to the old idea of the Liberal Party, which was "States' rights first". We need more Barnaby Joyces on the other side of the Chamber, who will put this State before Canberra and get a fair deal for New South Wales. I am happy that the Premier has decided to abolish vendor tax, which will happen formally when the bill is passed by Parliament.

Ms PETA SEATON (Southern Highlands) [10.40 a.m.]: What a disgrace! This week we have seen the new Premier, the puppet of Sussex Street, and his puppet masters—Mark Arbib, Eddie Obeid and Graham Richardson—attempt to try to convince people that the vendor duty, which the Duty Amendment (Abolition of Vendor Duty) Bill will abolish, was nothing to do with the Premier. Give me a break! The Premier said on day one that he was anyone but Bob Carr, he had never met Bob Carr and he did not know whom we meant by Bob Carr. His leadership acceptance speech was a twenty-first century version of the Egyptian twelfth dynasty execration texts. This practice involved the new Egyptian ruler writing the names of his enemies on pieces of pottery, breaking them and casting them out. That is exactly what the new Premier has tried to do, but no-one will believe him.

The Premier was up to his ears in the vendor tax decision. He sat around the same Cabinet table, day in, day out, and agreed with everything Bob Carr, Michael Egan and Andrew Refshauge served up in terms of new taxes, including the vendor tax. The vendor tax is the Premier's tax 100 per cent. Remember that Michael Egan said the vendor tax was good for everybody—and there was not a word of dissent from the Premier at that time. If he had had any principles at all he would have joined the honourable member for Blacktown in speaking out against the world's dumbest tax. But, no, he sat compliant through debate on the revenue bills and voted against the Liberals and The Nationals on every occasion that we opposed the tax and when we introduced our own bill to abolish vendor duty. I ask every Labor member in the Chamber this morning why they did not back the Coalition's bill to axe the vendor tax. They are absolute hypocrites.

If the Premier had been fair dinkum he would have passed the Coalition's bill. But, no, he followed Sussex Street instructions. He decided months ago that, even though the Coalition, the real estate industry, the Housing Industry Association, the Property Council of Australia and the Urban Development Institute of Australia—all the stakeholder groups—were right, he was too self-interested in his career and his ambitions to oppose the tax when the decision was taken. Instead the Government forced more and more investors to pay vendor duty until the time suited the Labor Party to announce a policy backflip. So the Premier got a good story on day one—shame that it cost the investors of New South Wales an additional and unnecessary \$60 million! But Labor members do not care: It is not their money; it is someone else's. I do not know how they can look themselves in the face. Labor members are shameless. They run this State with the propaganda finesse of the Soviet Iron Curtain, not caring who they carve up, rip off and leave in their wake.

I want to know when the Premier first discussed, and with whom, the decision to abolish the hated vendor tax. I want to know whether he or Walt Secord was lying about revelations that taxpayers were forced to pay \$60 million extra in vendor duty in order to give the Premier a story to spin on day one. I note that the Premier and Treasurer is not in the Chamber this morning to listen to this debate. He is not in the Chamber to take responsibility and be accountable for his decisions. As the puppet master Graham Richardson said, "Whatever it takes". Well, it took \$360 million of investors' money plus an unnecessary \$60 million to buy the Premier a good television grab. In the first three days of the Lemma-Richo partnership Labor insiders made some very interesting admissions. First was the admission that we are in deficit in New South Wales and it might take two budgets to get out of it. Even worse, remember that, according to the long-established government finance statistics net lending format, the half yearly review 2004 said that we were already in deficit by \$684 million.

The Labor Government magically turned this into a \$303 million surplus in the 2005-06 budget, courtesy of a change to the reporting format. But even then Standard and Poor's described it as a "paper thin" surplus and used words like "precarious" to describe the state of the New South Wales budget. This is not what we would expect from a government that enjoyed 10 years of the best possible economic conditions and \$8 billion in windfall tax revenues. We were very suspicious when Michael Egan cut and ran last December. Bob Carr could see it getting worse and he bailed. Andrew Refshauge, after surely one of the most pitiful performances in the Treasurer's seat, pressed the ejector seat button—and now we know why. All the Opposition's claims about the worsening state of the budget and the looming threat of more Labor taxes and asset fire sales have been vindicated. Labor and the Premier are taking New South Wales down the Kirner-Cain pathway. The Hon. Michael Costa admitted Labor's fiscal vandalism to radio 2GB's Philip Clark on 3 August this year, when he said:

It's likely we'll have a deficit in this year's budget. I don't think that is avoidable ... The issue with the financial audit is to look at the medium term to find a strategy to make sure we are sustainable ... we need to have a situation where our finances are much more sustainable.

Michael Costa continued:

Yes, you are going to see a financial audit and also potentially an economic statement on the back of that.

We are already seeing a fascinating split between Michael Costa and the Premier on economic management. On 2 August the Premier said that the long overdue vendor tax abolition would be funded by undisclosed expenditure savings and refused to detail what they would be. He still has not outlined those expenditure savings. But he said:

That means a relentless drive to reduce government administration, duplication and waste. The new Minister for Finance will have direct responsibility for bringing proposals to me for the cutting of waste. This will commence with an audit of New South Wales Government expenditure which will be completed before the end of the year when I will make a comprehensive economic statement.

That was a lie. We now know that Labor is so desperate to conceal the true budget deficit that it is telling us that the economic statement, mini-budget or whatever it might be will not see the light of day until next year. Why not? If the Premier cannot stand up in this Chamber today and tell the people of New South Wales what the budget deficit is he does not deserve to be Premier or Treasurer. More than 200 people are in the Treasury offices right now, most of whom we hope would know the actual deficit figure. I hope John Pierce knows. If he does not, why is he paid all that money? Why does the Premier not come clean and tell us what the deficit is? That is a very simple question.

Perhaps the honourable member for Campbelltown can tell us what the deficit is. Maybe he can come clean about how much New South Wales is in the red as a result of Labor's fiscal vandalism. The honourable member should be worried about what is going on at Campbelltown Hospital right now. Despite all the promises made, the spin, the glossy pictures and the media reports, Campbelltown Hospital remains in crisis. The honourable member for Campbelltown is avoiding my eyes; he is not looking up. Campbelltown Hospital is in crisis and will continue to be in crisis until the Government gets the State's finances in order and focuses on the front-line services that are required. But it gets worse. The Premier said:

I'm not ruling anything in or out. That'd be silly today to be doing that". There will be a thorough examination of our expenditures, where there is inefficiencies and duplication.

But on the Mike Carlton radio program on 4 August the Premier backflipped and said:

We are not in the business of forced redundancies.

So the Premier is not ruling anything in or out but he is not in the business of forced redundancies. Mike Carlton then asked, "So no public servant will be sacked?", and the Premier replied:

But there's no change to the Government's policy of forced redundancy.

That means that the Government will continue to entrench duplication and wasteful fat cat bureaucrats rather than putting resources into places like Campbelltown Hospital, where they are needed. There is no solution in sight to the deficit, and yesterday in this place the Premier failed to rule out new taxes or tax increases. We needed him to do that because Budget Paper No. 2 warns that if wage increases are not contained to 3 per cent it will require a structural response such as reduced spending elsewhere and/or higher taxation. The Premier has already ruled out significant structural responses, even though Michael Costa wants to cut 20 per cent of public servants.

That leaves tax increases as the only remedy for this budget position. We know how much Labor loves tax. Since the May budget it has brought in numerous new taxes and tax increases. They include extended vendors duty to include land-rich transactions and an increase in the insurance stamp duty rate from 5 per cent to 9 per cent. That came in on 1 September and many people are now paying more tax as a result. Labor failed to make any statement about the criteria that will lead to the end of the insurance protection tax. It extended duty to put and call options. It made more partitions transactions dutiable. It removed the exemption for mortgage refinanced duty and extended the circumstances in which employee benefits can be considered dutiable for payroll tax purposes.

We want a guarantee today that the taxpayers of New South Wales will not be asked again to bail out Labor's fiscal vandalism. I challenge Morris Iemma to do what the Liberal-National Coalition has done and commit to no new taxes and no tax increases. It is about time the Government respected taxpayers—the businesses and families—of New South Wales and took on some self-discipline to rein in expenditure, waste

and duplication and divert the savings to tax relief and front-line services. It is not the Government's money; it is taxpayers' money, and they deserve value for money.

The three key budget assumptions are already in ruins as a result of Labor's fiscal vandalism. New South Wales budget papers indicate that the New South Wales economy will accelerate a notch, reflecting the beginnings of a recovery in the housing sector. I would like the honourable member for Campbelltown or maybe one of the Treasury people to define what a notch is. Everyone would like to know how much is a notch. It is certainly not happening. The fine print in the May budget warned that pay rises in excess of 3 per cent would require a structural response such as reduced spending elsewhere and/or higher taxation. Wage blowouts have worsened Labor's deficit crisis. Again the budget papers say:

At this stage, there remains considerable risk to budget outcomes unless settlements are consistent with the Government's wages policy.

That is 3 per cent. The budget papers go on to say:

Wages outcomes affect long term structure of budget expenses. Public sector pay rises in excess of the Government's wages policy therefore require a structural response such as reduced spending elsewhere and/or higher taxation.

...

The wages policy implies normal pay rises of up to 3 percent per year through negotiated settlements.

All of these negotiations are centred on the wages policy of up to 3 per cent. The budget papers also state:

At this stage there remains considerable risk to budget outcomes unless settlements are consistent with the Government's wages policy.

They also note:

Each 1 percent rise in wages weakens the Budget result by an estimated \$202 million. In addition, a 1 percent pay rise adds an estimated \$57 million to employee entitlement liabilities.

We have seen police, health and other pay rises since the May budget, all of which have exceeded that 3 per cent. In the days after Morris Iemma became Treasurer, the *Australian* of 3 August reported Labor's plans to sell off State assets including forests and waste services to boost recurrent cash levels. Labor is set to take us back down the policy path of Labor's Joan Kirner and John Cain. This is sheer economic vandalism and shows Labor has learnt nothing. These are highly dangerous and irresponsible fiscal principles that will drive New South Wales further into financial crisis and endanger our triple-A rating. This is Labor selling off the silver to pay for their unstoppable spending addiction and waste. It is the same as someone saying we will have to sell off the family home so we can buy some beer and cigarettes.

The third budget assumption that is in tatters is that general government total expenses will halve to 3.4 per cent in 2006-07, when for the past five years they have been rising to a record rate of increase of 6.4 per cent. Labor has not met a forecast rate yet, so why would we believe it will rein in the rate of growth of government expenditure next year in the face of these public sector wage rises, which have largely been made without any significant embodied structural or productivity gains?

I can only conclude the desperate state of the budget lies behind Labor's refusal to brief the Opposition on key budget issues, let alone provide the basic briefing that is customary in any accountable Westminster system. On 25 August I wrote to the Premier and asked him to brief me on the extent of the New South Wales budget deficit, the reasons for the delay in the promised audit and economic statement from November 2005 to January 2006, plans by the Government to sell economic assets to fund recurrent expenditure blowouts, and the budgetary impact of public sector wage determinations exceeding Treasury's 3 per cent assumptions. I also noted the Government's refusal to grant me a portfolio briefing. To date, Morris Iemma is refusing to answer this request and is carrying on with the financial disaster he has created. I challenge him today to agree to brief me and Opposition members on these questions and to tell us what the budget deficit is.

This bill would not have come about if it were not for the hard work of, in particular, four key groups: the Property Council of Australia [PCA], and Mark Grey in particular, and Ken Morrison; the Real Estate Institute of New South Wales [REI], ably led by Rowen Kelly; the Housing Industry Association; and the Urban Development Institute of Australia. I also note a number of other stakeholder groups have been very influential in making the case to the Government. They knew from the outset that this tax would kill the already slowing

property market and send investment and jobs to Queensland and other States. They were right, and that is why the Liberal-National Coalition voted against Labor's vendor tax bill.

That is why we drafted our own bill to abolish the vendor duty. That is why we stood with the PCA, the REI and the Construction, Forestry, Mining and Energy Union and others in a rally outside this place to mourn the death of the New South Wales economy. I did not see Morris Iemma at that rally and I did not see any Labor members, who all opposed every single move by the Liberal-National Coalition to abolish this vendor duty. Every Labor member should be writing to their constituents today admitting they were wrong on the vendor duty and explaining why they did not abolish this vendor duty when they had the opportunity. [*Time expired.*]

Ms PAM ALLAN (Wentworthville) [10.55 a.m.]: I congratulate the honourable member for Southern Highlands on the well thought out budget speech she gave for at least the last third of the time she had allocated. I hope her new leader, the honourable member for Vacluse, was listening, because he wasted an opportunity in seizing the shadow Treasury portfolio to himself. It would have been far more appropriate if the honourable member for Southern Highlands had been allowed to battle on in that capacity. She was beginning to demonstrate a very wide and persistent knowledge of the area. She has demonstrated that yet again in her contribution this morning and I think it is a tragedy, as do many of my colleagues, that she has been denied the opportunity to move inexorably towards what she would like to think her rightful place would be as the State's first woman Treasurer. I suspect that is not to be now and we will have a look on this side of the Chamber for an alternative woman Treasurer in the future.

I also congratulate the hardworking Parliamentary Secretary, the honourable member for Campbelltown. He received a bit of a rough time during the last presentation about Campbelltown Hospital. The honourable member for Campbelltown has been a vigorous advocate on behalf of his constituents in relation to this issue of vendor tax and I am delighted he has the honour of being at the table when we pass this historic legislation.

Yesterday in this Chamber, when the Premier answered a question from the honourable member for Drummoyne about this issue, he referred to a real estate agent in western Sydney, Pat Fraser Real Estate of Westmead. Although its office is not in my electorate it operates extensively in my electorate, and the contact from Pat Fraser Real Estate came through my electorate office. I thank my electorate secretary, Cathy Parmeter. I thank Trevor Oldfield from Laing and Simmons at Wentworthville. We keep in touch with Trevor because he is also president of Wentworthville Leagues Club. We have a regular dialogue with him about issues such as vendor tax and the state of the local residential market.

It was Trevor who assisted my office and me to come into contact with Mr David Levitt. Mr Levitt, as the Premier indicated yesterday, is the gentleman who was due to exchange contracts on his property at Vernon St Wentworthville just prior to 2 August. Because he had to go to another appointment at Broken Hill, he missed that appointment and had to reschedule for 2 August. Was that not fortunate for Mr Levitt? He is delighted he was able to benefit from the Premier's announcement on 2 August of the abolition of the vendor duty. Yesterday, on behalf of Pat Fraser Real Estate who, with Laing and Simmons at Wentworthville, had been involved in the sale, George Jushan and Joseph Chidiac were able to be in the gallery. The other person who is very active on behalf of Pat Fraser Real Estate is Anthony Chidiac, who is also active in the Westmead and Wentworthville community, and I consider him and his family to be very close friends.

I do not think it is necessary to traverse all the arguments about this important legislation. It has been mentioned here on several occasions over the past few months. The momentum about the abolition of the vendor tax has been building for some time and is entirely appropriate. Many people in my community will benefit because the area has had a large amount of redevelopment in the last decade. Many sites in the area that were previously zoned for single-dwelling housing have now been redeveloped for medium-density housing. In Westmead, Wentworthville, Toongabbie and Pendle Hill plenty of opportunities exist to redesign the housing stock and redevelop the sites. As the Premier indicated yesterday, the vendor duty did put a brake on opportunities for successful redevelopment in the area. Because of the sluggish market many units and townhouses have been on the market for some time without any chance of being sold. Certainly the vendor tax contributed to that sluggishness, as has been mentioned on many occasions in this Chamber, and as I have mentioned locally.

However, with the abolition of the vendor tax the residential real estate market in my area will begin to reassert itself. We all know that this is not going to be an instant fix for the current sluggishness in the market. As one drives down Bridge Road, Westmead, one can still see, after many months, many vacant brand-new

units up for sale. Nevertheless, the local real estate industry and the Property Council of New South Wales report an increased interest in the disposal of those units. There are fewer "For Sale" signs now, more activity amongst the local realtors, and a great deal of optimism that with the abolition of the vendor tax the market will start to replenish. This is now a signal to the Federal Government to improve its performance in the area of economic policy, because we all know that unless the changes are made at that level there will not be a complete rehabilitation of the market.

I have spoken at great length on several occasions in this Chamber in the past few months about the important redevelopment of Toongabbie, which is directly related to this legislation. Mr Simon Symond, of North East Developments, gained approval from the council in 2003, and was granted a further extension of that approval this year, for a massive commercial and residential redevelopment of the old Piccadilly shopping centre at Toongabbie. Despite those approvals, and the removal of a great deal of the old shopping centre from the site, no building construction activity has been carried out on that site. I have spoken at length about Mr Symond in the past. When I last spoke to him on behalf of the local community I urged him to get busy and start work on the site, but all he has done is demolish existing shops and put a very ugly fence around the site. The Toongabbie shopping centre is now half the size it was more than 12 months ago.

When we last discussed this matter on the telephone most of his comments related to the fact that it was the vendor tax that was stopping this important redevelopment in Toongabbie. Mr Symond has approval and plenty of support within the local community for the project to proceed. With the introduction of this legislation he no longer has the disability of the vendor tax. I have always regarded his past excuses as feeble. Come on, Mr Simon Symond, let us get on with the job. This massive redevelopment, if it occurs, will improve the whole residential environment of the inner Toongabbie shopping centre precinct. The vendor tax has gone, and the real estate market is already very excited and is anticipating a great boost of activity in the area. Mr Symond can provide that much needed boost by finally getting on with the reconstruction and renaissance of Toongabbie shopping centre.

Ms GLADYS BEREJIKLIAN (Willoughby) [11.05 a.m.]: I will quote an excerpt from an article in today's *Sydney Morning Herald* which appropriately captures the true essence of this bill. The article states of the Premier:

He was surely joking when claiming the abolition of the vendor tax as an achievement, given it was his own Government's creation just 12 months before.

I find it quite galling that this Government, in this Chamber and in the public domain in recent weeks, has announced this as an achievement, given the amount of angst, confusion and economic mismanagement that has resulted from this policy of the Government. In fact, only one member of the Government had the courage to publicly criticise the policy, and that was the honourable member for Blacktown. When the opportunity arose in this Chamber for other Government members to speak about the pathetic nature of this tax, the world's dumbest tax, and represent the views of their constituents, they just sat there and chose to follow the Sussex Street line. They fell into line and publicly reiterated this policy position which has caused so much angst in the community, and should never have been introduced.

There is little scope for the people of the New South Wales to have any confidence in this Government. Yesterday the new Premier failed to rule out any new taxes or any increase in taxes. Given the abysmal failure of this vendor duty over the past 12 months and beyond, what confidence do the taxpayers of New South Wales have in this Government in regard to economic management? The Government's handling of this tax has been appalling? I join with the people of New South Wales in telling members of the Government that they are hypocrites. They pretend that this was a decision made by some government many decades ago, but they all sat in this Chamber on a number of occasions and refused to speak up about the true angst the tax was causing their constituents.

It is extremely hypocritical for them to now have the gall to support this legislation, when they had every opportunity to tell their leadership that it was a pathetic policy position. I remind honourable members opposite, and the people of New South Wales, of the actual policy failures of this policy implementation process. I remind honourable members that the Government had to introduce the State Revenue Legislation Further Amendment Bill because its original bill to introduce this policy contained so many mistakes. Not only did members of the Government have the opportunity to vote down the original bill, they also had the opportunity to vote down this policy when the State Revenue Legislation Further Amendment Bill was introduced.

Some comments made during debate on that bill show that this policy was policy on the run; it was introduced at the eleventh hour. At one stage the Government had the gall to state that only 250,000-odd additional properties would be affected by the legislation when, in fact, according to the Valuer-General,

potentially approximately 800,000 properties would be impacted upon. I will read some email transactions between Treasury officials at the time the policy was introduced. In an email on 7 April 2004, one Treasury official said:

The date from which the tax applies is uncertain at this stage. It is our intention to have legislation prepared by May so that the tax could apply from 1 June. However, that may not be the case. If implemented, the tax will apply in the same manner as Transfer Duty ... We wanted to say 1 June in the Budget but the Treasurer took it out so ask him what date is relevant.

Another email states:

This Bill incorporates yesterday's changes, has been approved by Parliamentary Counsel and is what is being printed to be wheeled out into the House at 10 am today when I assume Gary West will read the speech on behalf of Egan.

I think the email meant Graham West. It continues:

This means he will be in the Chair when debate resumes on Tuesday, and will be the one responsible for replying to issues raised by the Opposition in their speeches. Hope he is good at reading the hastily scribbled notes ...

Another email reads:

Can we prepare Government amendments to make these changes in the LA debate on this bill tomorrow? We cannot make them in the LC as we argue it is a tax Bill and amendments of such a Bill can only originate in the LA.

I reiterate those points to highlight the fact that from the very outset this tax should never have been introduced, and that it was introduced on the run. At the time of its introduction constituents and residents of New South Wales were having to rely on the Office of State Revenue web site, which was giving different information from what the Treasurer was saying at the time was policy on the vendor duty. For most people, buying a house and exchanging property are very emotional events. For many it will be the largest financial transaction they will make in the course of their lives. Yet those people, at very critical times of such exchanges, were unaware what the policy was. The Office of State Revenue web site often was not in tune with what the Treasurer was saying.

Though the people of New South Wales have had to endure the uncertainty and angst associated with this tax for the past 12 months, apparently members are expected to sit back now and accept the Premier's argument that he has done a wonderful thing in introducing a bill to abolish the duty. He should be apologising to the people of New South Wales. I have not yet heard anyone from the Government side of this House—apart from the honourable member for Blacktown, who is present in the Chamber—speak about the people who have suffered as a result of the introduction of the vendor duty. They have not apologised to those who have had to pay the vendor duty and may have had to put off very important life decisions. Not one word has been uttered by the Government about what will happen to those people.

Nor has there been an acknowledgement from the Government that they should never have had to endure this vendor duty in the first place. I ask every member on the Government side, "Why did you not support the bill introduced by the Coalition to abolish the vendor duty?" They had to wait for their instructions from Sussex Street before they could get up in this place and, finally, agree with what Coalition members have been saying for 12 months. Members of the Coalition, and the honourable member for Blacktown, can hold their heads high, because from the outset we knew what a baseless tax this was. We knew how much hurt it would cause not only the people of New South Wales but our economy.

This tax has not only killed the State's property market; it has failed to meet Treasury's revenue forecasts, it has impacted on the State's stamp duty revenue, and it has resulted in a loss of investment to other places such as Queensland and New Zealand. More important than anything else is that the people of this State have now lost confidence in this Government's economic credentials. What confidence do we have, give the Premier's comments made yesterday, that Labor will not introduce further dumb taxes, or that it will not introduce further tax hikes? None—because the new Premier has not ruled out new taxes and tax increases.

Rather than coming into the House with arrogance and hubris, Labor members should be apologising to the people of New South Wales for causing them angst and confusion, and for making our budget position the worst it has been in living memory. Worse still, the Premier has told us that he does not know what the deficit is. So we are not being given even a true indication of the budget position; we are not being told the truth about the economic credentials of this State. This Premier refuses to tell the people of New South Wales about that. I find it very difficult to believe that the Premier does not know what the deficit is.

We do not yet know how the Government intends to budget for the deficit caused by the abolition of this vendor duty; we have not been told that yet. We have not been told how the Government will pay for that. We have not been told that it will not introduce other taxes. We have not been told that it will not increase other, existing taxes. It has no plan. All it has is spin. Treasury officials would now be in a spin about what to do next, because I am sure they will not have been properly briefed on the Government's agenda, because the Government is still working that out. At the end of the day the people of New South Wales are owed an enormous apology from the New South Wales Government—an apology not only for introducing the vendor duty in the first place, and for the angst and confusion it caused, but for running down this State's economy.

The arrogance of the Labor Party in New South Wales and Premier Iemma is evident in their failure to apologise to the people of New South Wales for introducing this tax in the first place, for developing policy on the run, for causing confusion and angst, for killing the property market, for not meeting revenue forecasts, for reducing stamp duty revenue, for losing investment to Queensland and New Zealand, and for putting this State in a pathetic budget position.

I would like to take this opportunity to thank the constituents of the Willoughby electorate who raised with me over the course of the past 12 months their concerns with the vendor duty. I am pleased to be able to say to them that as a State member I took every opportunity in this place to highlight the failings of this policy, which should never have been implemented. I am relieved that, due to enormous public pressure from the Opposition and from the community, finally the Government has acknowledged one of the biggest mistakes it has made—there are several others—in the past 12 months and beyond. I call upon the Government to apologise to the people of New South Wales, rather than claim abolition of this tax as an achievement. It should come clean on the budget position.

Though it is abolishing the tax, it does not tell us how it will raise revenue to pay for that. It does not tell us that it will not bring in other taxes. What confidence can we have that it will not introduce new taxes that will be as bad as, if not worse than, the vendor duty? We have no confidence that the Government will not increase taxes. What is the deficit? Those questions need to be answered. Premier Iemma has failed his first test. I expect he will continue to fail many other tests—until the Government comes clean with the people of New South Wales and acts like any government in its position should and apologise to the people of this State for introducing this tax in the first place, for being dishonest and for not giving the people the correct position on where the budget is today.

Ms NOREEN HAY (Wollongong) [11.17 a.m.]: First, I would like to congratulate the honourable member for Willoughby on applauding what is in fact an achievement of Premier Iemma in introducing this bill to remove the vendor duty. Before moving on, I would like also to say how amusing it was to hear suggestions from the Opposition that this Government should be apologising for communicating, listening and taking action, that the Iemma Government should be apologising for doing what it has been called on to do, when clearly this Premier has decided to abolish the vendor duty, even though that will result in a reduction in the funds available to this Government.

I listened to Opposition members speaking about what is in the best interests of the people of New South Wales. Their attitude is astonishing, because time and again in this place, when they have been asked to pick up the telephone and give their mates in Canberra a call and demand that New South Wales get its fair share of the GST—in other words, the \$3 billion shortfall that the New South Wales Government has to take measures to address—we have heard not one word from them. Having heard the honourable member for Willoughby say that members should speak out against their own political parties, I hope she will take the lead in that respect, and will get up in this Chamber one day and say, "Yes, I was elected by people in New South Wales to represent them in State politics, and I demand from my Federal colleagues that they return to this State the \$3 billion that John Howard steals from the pockets of New South Wales taxpayers." That \$3 billion shortfall has never been acknowledged by Opposition members, yet they have the cheek to say that Government members should be apologising to the people of New South Wales for managing this State—

Mr Steven Pringle: Point of order: This is outside the leave of the bill. It has nothing to do with the bill. I ask that members stick with the leave of the bill.

Mr ACTING-SPEAKER (Mr Paul Lynch): Order! There is no point of order. The honourable member for Wollongong has the call.

Ms NOREEN HAY: The interjection is aimed at stopping us from mentioning the \$3 billion that is taken from the pockets of New South Wales taxpayers by their Federal colleagues without one word of criticism

from them. Do they care that we have to try to manage this State with \$3 billion less than the Federal Government takes from it? No. They have not said one word about it. Instead they get up in this place to whinge and criticise. The first act of Morris Iemma as the new Premier of New South Wales was to remove the vendor tax that—

Mr Steven Pringle: Point of order: The second point that the honourable member—

Mr ACTING-SPEAKER (Mr Paul Lynch): Order! The honourable member for Hawkesbury should not make a speech. What is the point of order?

Mr STEVEN PRINGLE: The point of order is that it is within the leave of the Premier. The second thing is to go up to Peter Beattie and take some—

Mr ACTING-SPEAKER (Mr Paul Lynch): Order! That is a spurious point of order. I call the honourable member for Hawkesbury to order. The honourable member for Wollongong has the call.

Ms NOREEN HAY: Once again, the mention of the \$3 billion shortfall to this State is getting a response, but it is not, "Yes, we should get the \$3 billion back." Instead those opposite keep leaping to their feet to stop us from letting the people of New South Wales know that they support their Federal colleagues leaving us \$3 billion short. As the Premier said yesterday, it is debatable whether Queensland can make any decision about the GST. However, it is quite obvious that Peter Beattie is doing what the people of Queensland elected him to do: grabbing every bit extra that he can for Queensland. Those opposite should take a leaf out of his book and say to the Federal Government, "We want returned to this State all the money you takes from New South Wales taxpayers." They should try to do the best they can for New South Wales instead of sitting there whingeing and criticising. They never whinge about or criticise the Federal Government for taking \$3 billion out of this State that rightfully belongs to the people of New South Wales.

I congratulate the Premier, Morris Iemma, on his quick action. He listened, he communicated and then he took action. I congratulate the honourable member for Willoughby on applauding the Premier. My constituents overwhelmingly have welcomed the Premier's announcement. They realise that the Iemma Government supports their efforts to secure their families' future with the least possible burden. As the Premier said yesterday, This Government believes in low taxes, but we have to make up for the shortfall in funds from the Federal Government. The abolition of the vendor duty should assist in boosting the level of investment in this State and lead to an increase in building activity, which is good news for the whole of New South Wales, especially the Illawarra. Representations were made to me about the negative impact of the vendor tax. As soon as that impact was identified the Government acted. This would not be the first Government to listen to the people who elected it and make a change.

Members opposite would do well to get on board and support the New South Wales Government and its Premier in our demands on the Federal Government to give us back some of that money so that we do not have to recover the losses incurred from the abolition of the vendor tax. Do they think that money grows on trees? Do they think we do not have to make it up? The Government runs the State's budget very well. As the Premier said yesterday, the State's balance sheets have never been stronger. The balance sheets of the former Coalition Government were horrific. This Government has produced surplus budget after surplus budget. But under the former Coalition Government it was nothing but deficit after deficit. This morning in this Chamber the Leader of the Opposition said that no-one would vote for the Labor Party at the next election. He has a big surprise coming if he thinks they will vote for the Coalition.

Members of the Opposition come into this Chamber to whinge and criticise the Government instead of getting on board and supporting the New South Wales Government's demands to get back the \$3 billion shortfall for this State. They should not look to Peter Beattie, who is doing the right thing—he is accepting whatever he can get. We would like to do the same, which is what those opposite were elected to do but to date have failed to do. The decision of this Government has been supported by stakeholders such as the Real Estate Institute, the Property Council and a number of smaller construction companies in my electorate who came to see me about the problems the vendor tax was creating for them. They are absolutely delighted with the Premier's, decision—as am I.

Yesterday it was wonderful to see Morris Iemma, the Premier, stand up in this place and put his case for the abolition of the vendor tax. Together with all members on this side of the Chamber, and the honourable member for Willoughby, I applaud him for that. Abolishing vendor duty is just one of the ways in which the

New South Wales Government has supported Illawarra families to enter the property market. Its abolition enables the New South Wales Government to cut taxes to boost investment. We could cut more taxes if we could get back the \$3 billion from the Opposition's mates. Recently the New South Wales Government made a number of decisions to assist the property market, including introducing the most generous first home buyers assistance in Australia by providing up to \$26,9301 to young families. Those opposite should think about that and consider how they could compete with it. The Government has introduced one of the nation's highest tax-free thresholds for land tax of \$330,000, indexed annually for property investors.

It seems that members of the Opposition want to criticise every action, regardless of whether it is positive or negative. But they should understand that in all budgets and all economies, as things change things have to be adapted. I know that is a strange concept for the Opposition, but this Government, in consultation with stakeholders, has recognised that and is prepared to adapt to change. I congratulate the Premier on acting so swiftly to abolish the vendor tax, which will result in an income reduction of \$315 million for New South Wales. But that is a drop in the ocean compared to the \$3 billion shortfall in funds from the Federal Government, and for which we get no support from members opposite. However, if they were to get on board and support our application to the Federal Government for the return of the \$3 billion, New South Wales would not feel the pinch so much.

Thanks to the unfair distribution of the GST this Government faces the continuing burden of having to find enough money to carry out its normal business. It will have to consider reducing costs, although it will sack the thousands upon thousands of public servants that the Opposition has suggested it would sack. Its proposal to improve fiscal policy is to sack public servants first. But instead of sacking anybody Opposition members should get on the phone to John Howard and do what they were elected to do: represent New South Wales taxpayers. They should say to their colleagues in Canberra, "Give us the \$3 billion." If they were to do that the people who elected them, as well as those who elected the Government, would benefit.

Mr STEVEN PRINGLE (Hawkesbury) [11.28 a.m.]: I am sure that everyone in the Chamber agrees with the honourable member for Blacktown that the vendor tax was the world's dumbest tax.

Mr Thomas George: He's the only one who spoke against it.

Mr STEVEN PRINGLE: He was the only one with some guts. We congratulate him on his stand. It is a shame that his colleagues did not support him and, in doing so, support the Coalition bill. The Government stands condemned for taking so long to get rid of this ridiculous tax that has been counterproductive for New South Wales. In April an historic alliance was formed between major property groups: the Property Council of Australia, the Urban Development Institute of Australia, the Housing Institute of Australia and the Real Estate Institute of New South Wales. Members of the group identified a series of major problems that the vendor duty was causing and the points they have made are worth restating in *Hansard*. They expressed the view that the vendor duty abolition substantially will be self-funding, resulting in a permanent annual increase in purchase duty receipts of between \$140 million and \$280 million. They are the group's figures.

The group points out that vendor duty is costing the Government money, with purchaser duty receipts behind budget for the first time in over a decade. They believe that vendor duty has applied a handbrake to property transactions, with sale numbers tumbling downward across residential and commercial markets. Every honourable member in this Chamber knows that that is what has happened. The group also stated that the vendor duty is driving investment dollars out of New South Wales, with Queensland being the main beneficiary. Earlier in this debate the honourable member for Wollongong spoke about how well Queensland is doing. Part of the reason for that is this Government's action of driving investment capital away from New South Wales and into Queensland and Victoria.

This coalition of property interests also made the point that vendor duty is reducing housing affordability in New South Wales. Surely a Labor Government is all about promoting housing affordability, but evidently that is not the case in New South Wales. The group also stated that the reduction in housing affordability in New South Wales has added to the burden of \$145,000 in State and local tax costs that are already being faced by new housing developers in greenfields estates. They make the point that vendor duty has resulted in residential vacancy rates hitting a five-year low, resulting in both increased rents and increased competition for housing among renters. People who pay rent, the battlers, are not getting a fair go, thanks to the vendor duty.

The duty is hurting ordinary people. A large proportion of property investors are leaving Sydney to move to the western areas of the State and regional towns. The vendor duty is costing people their jobs.

Construction and renovation activities are slowing down, with the result that there is less work available for builders and tradesmen. The union movement was one of the strongest opponents of this ridiculous tax. The vendor duty impacted on the Hawkesbury electorate by well and truly killing the investment market. One mortgage broker told me that over a six-month period only two out of approximately 400 mortgages arranged for investment properties applied to New South Wales. Most real estate agents have had to shed large numbers of staff and that in turn has increased local unemployment. Consequently, people have been forced to work outside the district, which has resulted in an increase in the number of cars on the roads and public rail transport congestion.

One of the important side effects of the introduction of the vendor duty has been the crisis of confidence it has caused. A whole series of industries was affected because people knew that the tax would reduce their disposable income in their retirement years. Talkback radio programs confirmed that sales in all categories were down. The Act was poorly drafted and its intention was not reflected in its implementation. I know of one company that had completed a three-lot subdivision, applied for an exemption under section 162S of the Duties Act, but did not obtain it. Although contracts had been exchanged, no settlement had been reached prior to improvements having been completed to meet conditions concerning water, stormwater, electricity and roads. The council could not release the subdivision because the conditions of the development approval had not been complied with. Consequently, the company suffered badly and reduced its investment in New South Wales.

The vendor duty has had an adverse impact on the ordinary mums and dads that Opposition members care for so much. I know of a couple who are both aged 73 years and who are still working on a part-time basis. They operate a small, specialised automotive restoration business that they set up in 1977. They do not have superannuation. One of the owners of the business underwent a triple bypass operation in 1979 but eventually the couple managed to get back on their feet. They purchased an industrial property in the late 1980s for the modest price of \$180,000. The property was purchased as the equivalent of superannuation. They had hoped to sell the premises at full market value, but as a result of the vendor duty, the investment market collapsed. They have not been able to sell the property at its market value, which is \$600,000. Even if they had been able to do so, they would have had to pay capital gains tax. They had planned to roll over the proceeds of the sale into superannuation.

Unfortunately, the Government would have grabbed \$13,500 in vendor duty out of their \$600,000, which they intended to use to avoid being on the pension. As a result, they have been forced to become self-underfunded retirees because, under current pension rules, they are not eligible for a pension and they have been unable to accumulate sufficient funds in superannuation. That is but one example of literally hundreds of cases set out in letters that my colleagues and I have received in opposition to this ridiculous tax. I agree wholeheartedly with the honourable member for Willoughby, who contends that this Government should apologise for getting the vendor duty so badly wrong, for making the New South Wales economy yet again less competitive, and for pushing New South Wales right to the bottom of the State rankings. The Government's economic incompetence has been aptly summed up by the *Daily Telegraph* as the beg, borrow and steal budget in which voters were slugged and the budget surplus was raided. The vendor duty is a wrecker's tax.

Mr PAUL GIBSON (Blacktown) [11.36 a.m.]: I support the legislation. At the outset I congratulate Morris Iemma on becoming the fortieth Premier of this State. I have no doubt that, in line with other great Labor Premiers of this State, he will do a great job. I give the Premier great credit for having the guts to kill the vendor tax. Shadow Ministers and member after member of the Opposition have suggested in this Chamber that the Government should apologise to the people of New South Wales. On the contrary, the Government should not apologise. Over the past 10 years Labor governments have been the most successful fiscal managers not only in this State but throughout this nation. Eight New South Wales budgets have been in surplus and this State has had triple-A credit ratings throughout that entire 10-year period.

Mr Barry O'Farrell: Point of order: The honourable member for Blacktown is correct. He should not have to apologise. He was the only member of the Government who said that the vendor duty was a crook tax from day one. He said so in public forums. He was the only member of the Government from the Premier downward who was prepared to say that the vendor duty was a crook tax.

Mr ACTING-SPEAKER (Mr Paul Lynch): Order! There is no point of order. In fact, it is a spurious point. I call the Deputy Leader of the Opposition to order.

Mr PAUL GIBSON: As I said, if anyone should have to apologise to the people of New South Wales, it would certainly not be the New South Wales Labor Government. The Government's financial record features

eight budgets in surplus, the State now being in the best fiscal position it has ever been in. Based on the Coalition's record, those who should apologise are Opposition members. Under the previous Coalition government, every budget was in deficit. When Labor won office, it was confronted with a \$12 billion deficit. The State of New South Wales was virtually bankrupted by the Coalition.

It is ironic that the honourable member for Hawkesbury, who is not presently in the Chamber, preceded me in this debate because he has been known as Mickey Mouse. The previous Coalition government was a mickey mouse government that nearly bankrupted this State with a \$12 billion deficit. There is no doubt that the Coalition deserves to be in the *Guinness Book of World Records* for an unbroken record of poor fiscal management. I have no doubt that if the Coalition had remained in government, Coalition members would have surpassed their previous poor fiscal performance and that this State would have had a deficit of approximately \$20 billion with nothing to show for it. In contrast to that, the Premier and the Government have had the guts to re-examine the position and move to abolish this bad tax.

The Premier has given the State Government credibility, not only from our point of view but from the point of view of the people of New South Wales. They like to see someone who is game enough to put up his hand and admit he has made a mistake. What would you rather have? It would have been a crime for the Government to come into this Chamber, put up the bat and say nothing about this tax. We have not done that. The people of New South Wales will acknowledge that the Government has been big enough to admit its mistake. There is no doubt that good government is about tough choices in tough times, and that is exactly what has happened. The real knock would have been to do nothing about the tax. Unfortunately for the Coalition, the bill gives it nothing, or very little, to run on. The Coalition is not interested in whether the vendor tax was good, bad or indifferent; it is looking at this matter from a political point of view to score political points. The Coalition has fallen by the wayside again.

When the vendor tax was brought in things were a little different than they are now. The people who introduced the vendor tax thought it was a good idea. Hindsight is a great leveller! The vendor tax was introduced because shortfalls were appearing. The greatest shortfall of all, as many members have mentioned, is the shortfall in the GST distribution, which has affected the people of New South Wales. It is hypocritical of the Coalition not to support the Government in the debate on the GST, because \$13 billion has been taken out of this State and only \$10 billion has been returned. There is no way in the world any business could support such a loss and remain successful. This matter was summed up on 25 May 2005 in an editorial in the *Sydney Morning Herald*, which stated:

The federal Treasurer, Peter Costello, teases the states for getting more than they expected from the GST but he never concedes that NSW benefits far less than the others. NSW did not get any of the extra until this, the fifth year of the GST agreement, while extras were flowing to Queensland in the third year and other states a year later. Per capita, NSW gets a piddling \$33 in extra GST revenue—a quarter of what Victoria, and a fourteenth of what Queensland received ...

Its ability to cut taxes is hopelessly constrained by the reality that it massively subsidises other states and the situation is getting worse. If the Opposition leader—

then John Brogden, now Peter Debnam—

put public interest ahead of partisan politics, he would be standing shoulder to shoulder with the Government's campaign for a fairer go, not barracking for Mr Costello.

Everyone in New South Wales would support that point of view. It is hypocritical of the Opposition to claim that the Government should be condemned for dropping the vendor tax. The real hypocrisy is the support of the Coalition for Peter Costello, and that will be reflected in the vote of the people in New South Wales in 2007. They know that the Opposition has done nothing while the Federal Government has robbed New South Wales of \$3 billion each year, and they will pay out on the Opposition for that. The people will forgive the Government for the vendor tax, a tax that should have been removed anyway. I would be a hypocrite if I did not say that the vendor tax had to go. The vendor tax was a tax on tax, a tax on profit and a tax on investment. It hurt ordinary people, the people in my electorate.

The New South Wales Government, under Premier Morris Iemma, has been big enough to own up to a mistake and to make it right. That is far different from the situation the Opposition finds itself in as a result of its support for the Federal Government. Every man, woman and child, every mum and dad investor in this State, is being robbed blind by Peter Costello. He is robbing them of \$3 billion a year. As I said before, the people of New South Wales will not forget the Opposition's support for Peter Costello.

Mr Thomas George: Can you comment on the club tax, please?

Mr PAUL GIBSON: I would be only too pleased to do that on another day.

Mr Malcolm Kerr: Another mistake.

Mr PAUL GIBSON: Talking about mistakes, I could refer to death duties and other taxes brought in by Coalition governments many years ago that have been knocked on the head. Governments are elected by the people to make decisions on their behalf. Sometimes those decisions are right, sometimes they are not. It takes a good Government and a good Premier to own up to a mistake. That is what we have done. We did not wait until two or three months before a State election to do it. To his great credit, the first thing Premier Iemma did in office was to drop the vendor tax. The people of New South Wales will judge him and the Labor Party by those actions and they will judge the Coalition for doing absolutely nothing while the Federal Government is robbing every mum, dad and child in this State of \$3 billion a year. And the Coalition thinks that is a fair go!

Mr ANDREW STONER (Oxley—Leader of The Nationals) [11.45 a.m.]: The Duties Amendment (Abolition of Vendor Duty) Bill reflects the unbridled hypocrisy of the Labor Government, which expects thanks for removing the rip-off tax that it created. The bill is a late response to a Coalition promise to remove that regressive vendor tax. This tax has killed the property market in New South Wales. When the former Treasurer, Michael Egan, introduced the vendor tax he said that it was designed to cool off the property market. But it did more than that: it put the property market on ice. This tax has hurt hard-working families who have provided for their retirement by investing in property. The so-called mum and dad investors who deserve encouragement instead got a kick in the guts from the Labor Government.

Families who have invested in property are spread across the State, including metropolitan New South Wales. In the Tamworth electorate there are 4,150 property investors, in the Port Macquarie electorate there are 4,520, in the Northern Tablelands electorate there are 4,030, in the Dubbo electorate there are 4,060, in the Tweed electorate there are 4,885, in the Far West Murray-Darling electorate there are 3,290, in the Monaro electorate there are 5,080, and in the Bathurst electorate there are 4,440. That gives an overview of how many thousands of people were hurt by that regressive tax. That tax sent investment dollars to other States and New Zealand, where the former Premier, Bob Carr, invested in property.

With those investment dollars went jobs in the real estate, housing and construction industries. One only need look at the spectacle of members of the Construction, Forestry, Mining and Energy Union protesting alongside business groups to understand the unity of the protest against this unfair tax. One need look no further than the embarrassing employment growth statistics for New South Wales over the past 12 months since this tax was introduced to understand its impact. Compared to other States New South Wales is at the bottom of employment growth. Clearly this tax, the general hallmark mismanagement and high-taxation regime of the Labor Government have hurt this State. That is nowhere more so than in border regions such Tweed on the far North Coast, along the Murray on the Victorian border, and along the Australian Capital Territory border.

Members representing the Tweed, Murray-Darling and Monaro electorates are not present in the Chamber, but they are on the record as having voted for that hated vendor tax when it was introduced. Despite its belated removal, they will not be forgotten for their treachery in selling their local communities down the tube. The Labor Party will not get away with its corrupt and duplicitous tactics of delaying the removal of this unnecessary and damaging tax for party political purposes. After the former Premier, Bob Carr, resigned in July his so-called communications director, Walt Secord, who is famously responsible for the beat-up over the Cecil Hills High School debacle, revealed to the media that the Government thought about removing the vendor tax in the May State budget because of the political damage the tax was doing to the Australian Labor Party.

The Labor Party decided to delay the removal of the vendor tax to give the new Premier some political kudos. As we all know, the new Premier's first announcement related to the removal of vendor tax—a transparent but corrupt tactic. That measure was nothing less than gross corruption. Labor has cynically used taxpayers' money to attempt to gain party political advantage. Property investors who were ripped off by this dishonest Labor Government between the State budget in May and the announcement by the Premier-elect on 2 August should have their vendor tax refunded. I made this call publicly on 5 August but, funnily enough, there has been nothing but stone-cold silence from this Labor Government. The Opposition does not oppose this legislation. After all, it is a longstanding Opposition policy commitment to axe the vendor tax.

Mr MATT BROWN (Kiama) [11.51 a.m.]: I am pleased to speak in debate on a bill that will abolish vendor duty in respect of contracts for the sale of property. Ever since the vendor tax was implemented I have lobbied the Government to abolish it. I understand why the Government introduced these taxation measures. We

are not getting our fair share of GST revenue from the Liberal-National Government in Canberra. With less and less money coming each year from Canberra the New South Wales Government has a problem funding schools, hospitals, roads and police. We have to establish how to get additional taxation dollars into the State budget so that we can pay for front-line services.

Time and again Opposition members have said, "We support this measure because it is our promise." What have Opposition members not promised? They travel around the country promising everything. They promise more and more services and more and more tax cuts. If it were up to Opposition members, no-one in the State would pay tax, even though they are getting first-class facilities and services in every area. Members of the public have no faith in the Opposition. It has no credibility whatsoever in this place. Since its election in 1995 the Labor Government has delivered six surplus budgets. It has reduced by \$10 billion the \$12 billion deficit it inherited in 1995 when it took over from the Liberal-National Government.

The Government not only delivers surplus budgets; it also reduces debt. Good, sound financial management will attract investment to this State. When the Liberal-National Government was running this place, our triple-A rating was in danger of being downgraded. Each year since Labor has been running this State we have had a firm and strong triple-A rating. The vendor tax is not the sole reason for the movement of money away from New South Wales. The cost of homes in New South Wales is skyrocketing. We need only to look at my home town of Kiama to understand how difficult it is for young families to buy a block of land and put a house on it. Many cheaper properties are to be found right around the country. In some regions properties are one-sixth the price of properties in Kiama.

Investors can secure the same rents as those paid in New South Wales by investing elsewhere. The vendor duty is not the sole factor that determines where people invest their money. It might be one factor but it is not the main factor. When people invest they are looking for a capital gain on their investment and for a rental income that will help to pay for their investment. As I said earlier, the cost of homes in New South Wales has skyrocketed and other market forces are at work. At the last Federal election John Howard said there would be no interest rate rise but, as soon as he was re-elected, interest rates rose and property activity cooled.

Interest rate rises have a bigger effect on the decisions of investors than an exit tax, which is less than any real estate commission on a property. The removal of the vendor tax means there will be \$360 million less in the State budget. If the State is to maintain its sound financial position we will have to find ways of recouping that money. Some economic modelling suggests that the removal of this tax will result in more activity in the property market and more stamp duty. The entry duty will also pick up some of that slack. The Premier promised he would cut costs in the public sector to maintain front-line services, an important element in running this State.

I place on record my appreciation of the Premier's announcement to abolish vendor duty. I hope this will have a psychological effect on the market and increase business and investment confidence so there is more market activity and more funds available to run those necessary front-line services. The people of the Illawarra and South Coast appreciate the new Premier's statement. Last Saturday night when I attended a football game and watched St George play a sterling game, the new Premier talked to many of my constituents, people living on the South Coast and in the Illawarra, and they thanked him for his decisive statement. From 2 August this year there will be no more vendor duty—a bold announcement by the Premier.

The Government is keen to ensure that New South Wales remains the economic powerhouse of the nation. The Government will bring down a good budget and ensure it does not make reckless promises about abolishing every tax and increasing services, as members of the Liberal and National parties do. The Government wants to help new homebuyers. We have the most generous first home buyer assistance package in Australia, which will provide young families who are buying their first homes with approximately \$27,000. New South Wales has the highest tax-free threshold for land tax—indexed at \$330,000 for the value of an investment property.

A number of other initiatives confirm that the Government is serious, but it wants to do more. However, it is difficult to do more when year after year the Federal Government returns less GST revenue to this State. We know what the figures are. Every year my constituents and other taxpayers in New South Wales contribute \$13 billion in GST but this State gets back only \$10 billion, a loss to this State of \$3 billion. Much of that \$3 billion is being used to subsidise wealthy States such as Queensland and Western Australia, which are receiving massive royalties from minerals and coal.

We are subsidising them to such an extent that the Queensland Government can afford to cut the price of petrol continually for its taxpayers. That is a shocking situation, which is annoying my constituents more and more. No matter how much Coalition members bleat that the distribution of GST revenue is a decision for State

Premiers, it simply is not. That decision rests firmly with the Treasurer of Australia, Peter Costello. It says so in a Federal Act, A New Tax System (Commonwealth-State Financial Arrangements) Act 1999. Section 19 of that Act says:

The Treasurer may fix amounts, and time of payments, of financial assistance:

Financial assistance payable to a State under this Act is to be paid in such amounts, and at such times, as the Treasurer determines in writing.

That is the law: The Treasurer will determine how much he pays the States. The Federal Act does not say anything about State Premiers agreeing to make that decision. That is a Liberal Party furphy, and it does not wash. We want the Coalition to join the Government in mounting a spirited defence and getting a fair deal for our State.

New South Wales is the oldest State in Australia with the oldest infrastructure. It costs a lot more to build roads and railway tunnels and to fix crumbling infrastructure in New South Wales than in younger States. Unlike Queensland and Western Australia, we are not benefiting from a resource boom. We are not resource rich yet we continue to subsidise those States that are. We have no problem subsidising smaller States such as Tasmania and South Australia but subsidising Queensland and Western Australia is a joke. I support the new Premier's announcement and commend the bill to the House. I look forward to hearing from the new Liberal Party leadership some positive words about the State of New South Wales, not more reckless promises about abolishing taxes while increasing services.

Mr MALCOLM KERR (Cronulla) [12.02 p.m.]: What an extraordinary speech by the honourable member for Kiama! I am absolutely amazed. For the information of the honourable member, New South Wales has been a State since 1856. He claimed that infrastructure costs more in New South Wales because we are the oldest State in Australia. Gosh, infrastructure must cost an absolute fortune in Europe, where some countries are thousands of years old! They will demand their share of the GST if we are not careful. The honourable member for Kiama would be well advised to attend the function hosted by the honourable member for Bega about age and beauty to see how age can be a positive attribute.

Ms Kristina Keneally: Are you speaking from experience?

Mr MALCOLM KERR: I probably have a little more experience than the honourable member for Heffron, but we will not go there. Returning to the leave of the bill, everybody now admits that the vendor tax was a mistake. The honourable member for Kiama said that he was an early critic of the vendor tax.

Mr Barry O'Farrell: I don't remember that being said publicly.

Mr MALCOLM KERR: I do not either. We have had an amazing number of conversions this morning: It was like a convoy of long-distance truck drivers on the road to Damascus. One would think the vendor tax was introduced on Bob Carr's last day as Premier and removed on the new Premier's first day in office. One would assume that Labor members opposed the vendor tax when it was introduced a couple of weeks ago. But the vendor tax has been around for some time—in fact, the honourable member for Kiama would probably refer to it as an "old" tax, such is his sense of history. Why was the vendor tax introduced in the first place? A very confused Premier outlined yesterday the reasons that the tax was introduced by a Government of which he was a senior member and in which he was a decision maker. As the honourable member for Epping said yesterday, the new Premier voted twice for the vendor tax. Speaking about the timing of the tax's introduction, the Premier said:

The overheated market that existed prior to 2004 was squeezing out first home buyers, in favour of investors.

That was the reason for introducing the tax. But in answer to the same question the Premier continued:

The duty was introduced at a time that the property market was starting to cool.

That is an amazing statement: The Government introduced a tax that everybody acknowledges acts as a brake on economic activity when the "property market was starting to cool". It is not as though the Government had no warning about the effect of the tax. In the *Daily Telegraph* of 7 September 2004 under the heading "Vendor tax fails to hit its targets", Simon Benson wrote:

The State Government's controversial vendor tax, which investors pay for selling their properties, has failed to rake in even 20 per cent of the projected revenue.

Figures for the first two months of the 2.25 per cent tax show that less than \$500,000 was collected in June and only \$10 million in July.

The tax was not achieving in terms of revenue but it was probably hurting more people than there are entries in Mark Latham's diary.

Mr Barry O'Farrell: We'll wait to see that.

Mr MALCOLM KERR: Exactly.

Mr Barry O'Farrell: The honourable member for Menai was one of the bright spots in his life.

Mr MALCOLM KERR: I agree. We think the honourable member for Menai would have been a bright spot in Mark Latham's life, although one has to say it is not a great life. The Premier's explanation for the bill's introduction is confused. We would like the Government to give an undertaking in this place or in the Legislative Council that Labor will not reintroduce the tax in the future. The rationale of former Treasurer Michael Egan and of the honourable member for Campbelltown, who introduced the legislation, upon imposing the tax could apply in the future. The bill to remove the vendor tax is before the House not as a result of criticism by Labor members in Caucus but because the change of Labor leadership required a gimmick. That little public relations exercise was exposed by Andrew West in the *Australian* newspaper, when he wrote:

Former New South Wales Premier Bob Carr delayed a decision to scrap the state's hated vendor tax for two months to give his successor a head start with an electorally popular announcement.

The decision by Carr and Labor strategists to delay the move cost investors, who were forced to pay the 2.25 per cent levy on property sales, about \$60 million.

Yesterday the Premier pointed to someone in the public gallery who is very happy that he missed an appointment with his real estate agent and therefore exchanged contracts after the Premier's announcement upon coming to office. A lot of people kept appointments with their solicitors and real estate agents.

Mr Barry O'Farrell: Those who avoided the trains and drove themselves to appointments.

Mr MALCOLM KERR: Exactly. Those who avoided the trains because of the slower timetables kept their appointments. Ordinary people who did what they were required to do had to pay \$60 million, all because of a gimmick that was cooked up in Sussex Street. In the same question time, the Minister for Transport was very proud about the slower trains. We did not realise that slower trains might enable tax avoidance by preventing people keeping appointments with their real estate agents or solicitors. The Government used this gimmick to claim it had taken off another tax before the election.

Mr Thomas George: We are the oldest State.

Mr MALCOLM KERR: Yes, we are the oldest State, that is exactly right. It is no wonder that Mark Latham said in his introduction, "The view provided by the diaries is frightening. It reveals a poisonous and opportunistic Labor culture in which the politics of personal destruction are commonplace". Does that not apply to what we are discussing? The honourable member for Blacktown said the vendor tax legislation was a mistake that was obvious from the beginning to somebody as economically literate as the honourable member for Kiama, yet the Government persevered with it. When the leadership changed, the Government decided it would use it as a gimmick in a public relations exercise. It thought the public was gullible enough to believe that this new Premier never had anything to do with the vendor tax—and there is as much chance of that as the average person pronouncing his name.

The Premier made a series of radio advertisements about what he has done since he was elected: He has got rid of the vendor tax. The radio advertisements did not mention that he was a senior Cabinet Minister and part of the decision-making body in relation to this tax. An informed debate should be held about the vendor tax. The honourable member for Mount Druitt asked a question of the Deputy Premier and Treasurer. If members look in *Questions and Answers*, they will see that he asks some very interesting questions in relation to some of his former Cabinet colleagues.

Mr Barry O'Farrell: Who is writing them for him?

Mr MALCOLM KERR: That is a very good question.

Mr Richard Torbay: Richard is very smart.

Mr MALCOLM KERR: You might think that, but also consider that he is not smart enough to be in Cabinet.

Mr Richard Torbay: Does that mean you are not smart enough to be in the shadow Cabinet?

Mr MALCOLM KERR: I will leave it there. The honourable member for Mount Druitt asked:

- (1) For the financial year ending the 30 June 2005, how many persons had paid the 'vendor tax' on the sale of their investment property in the entire State of the New South Wales?
- (2) What was the total amount paid during the year for the State?
- (3) From the abovementioned statistics, how many persons paid the vendor tax from the postcode areas 2770, 2766 and 2761?
- (4) What was the average amount paid by the taxpayers in these postcode areas?

I do not know whether the Parliamentary Secretary can assist with answers. She may wish to phone a friend. The answers are:

- (1) For the financial year ending 30 June 2005 there were over 35,000 transactions assessed for Vendor Duty, including commercial and residential properties.
- (2) and (4) To provide responses to these questions would involve considerable time and diversion of resources, away from core responsibilities, which cannot be justified.

The Government will not even tell its own members that type of revealing information because it is too embarrassing. The honourable member for Mount Druitt is no longer a member of Cabinet. The Cabinet turns off the airconditioning at meetings during winter to give the combined IQ of those in Cabinet a good chance of getting above room temperature. Every honourable member is entitled to the information sought by the honourable member for Mount Druitt. It is now conceded by every member of the Government that this tax has been a mistake—and if someone does not agree I want to hear from them. The honourable member for Liverpool might want to give a speech on behalf of the land-owning classes in relation to this matter.

I am interested to know whether someone can say it was a good tax and not a mistake. Of course it was a mistake, as the honourable member for Blacktown said. The Government persevered with that mistake, which hurt a lot of ordinary decent people and made them suffer. Australians who bought their properties as an investment for their superannuation suddenly had to pay out thousands of dollars that could have been used in their retirement. To make out that the Premier was not involved in any way, shape or form in the formation of this tax is ridiculous; it is a fraud and a scandal. Does anybody deny that what Andrew West wrote in that article was not true? Andrew West is a reputable journalist who recently resigned from the *Australian* over a matter of principle. If it is true, it is a terrible scandal that politics have been put above people. The Government is quite prepared, to use Mark Latham's adjectives, to be poisonous and opportunistic with its fellow Australians because it believes that the public is gullible enough to believe that because it has a new leader it is a new Government.

Ms MARIE ANDREWS (Peats) [12.17 p.m.]: I gives me great pleasure to speak in support of the Duties Amendment (Abolition of Vendor Duty) Bill. I take this opportunity to congratulate the new Premier and Treasurer on his decision to abolish the vendor duty tax effective from 2 August 2005. That decision has been warmly welcomed by the real estate industry at large and, in particular, by those operating in that industry within the Peats electorate. The comments of a Central Coast real estate agency were printed in the local press shortly after the Premier's announcement. It said:

This is excellent news. It will return a feeling of optimism and confidence in the market, especially among investors.

Immediately after the Premier announced the abolition of the vendor duty tax, I noticed a number of properties listed for sale in my local area, which, undoubtedly, has brought back buoyancy into the real estate industry. This Government does not like to impose further taxes on the residents of New South Wales but with a Federal Government that is intent on decreasing, rather than increasing, grants to the most populated State in the Commonwealth, that is, New South Wales, unfortunately other avenues of raising taxes have to be explored.

Yesterday in this Chamber the Premier said that New South Wales deserved a fairer share of the goods and services tax. I remind honourable members opposite that the GST is the tax that the Prime Minister, John Howard, told the Australian people he would never introduce. This tax affects every single member of the Australian community, whether or not they are old enough to vote. I am sure we are all aware that each year taxpayers of New South Wales pay \$13 billion in GST to Canberra, but only receive back \$10 billion. The \$3 billion shortfall to New South Wales could be put to good use in areas such as health, education, transport

services, et cetera. Today I have heard plenty of criticism from honourable members opposite. I am sure not many of them are lobbying their Federal counterparts to restore the \$3 billion shortfall ripped off from the taxpayers of New South Wales. How hypocritical is that?

The Premier has made a good start, as he termed it, as the captain at the helm of the State of origin. As the new Premier, he has made two very important statements followed up by positive action: firstly, the announcement to abolish the vendor duty, to ensure that Australia's leading State, New South Wales, remains as the economic powerhouse of the nation; and, secondly, his announcement yesterday to commence a campaign to resolve the vital issue of the unfair distribution of GST revenues. I wonder how many Opposition members will get behind that campaign to ensure New South Wales gets a fair deal. Honourable members opposite conveniently forget that at the end of 2003 the property market was booming. The Reserve Bank then decided to increase interest rates, and that affected first home buyers.

Ms Angela D'Amore: I thought John Howard said they would not go up!

Ms MARIE ANDREWS: He did say that. But, of course, we cannot believe a word that John Howard says. The Carr Government and now the Iemma Government have been intent on assisting first home buyers. In addition to the unfair GST distribution and the interest rates increase, New South Wales had \$400 million stripped from its funding by the Commonwealth Grants Commission. Nothing has been done by the Howard Government or Treasurer Peter Costello to address those anomalies and rip-offs.

Ms Angela D'Amore: Another raw deal for New South Wales.

Ms MARIE ANDREWS: That is right. On his first visit to the Central Coast as Premier, Morris Iemma presented a cheque for \$7,000 to a young couple who purchased a home in the Peats electorate. That cheque, of course, represented a payment under the First Home Owner grant. Also, of course, the Government of New South Wales also encourages first home buyers through the abolition of stamp duty on the purchase of their first home. But, of course, we do not hear from Coalition members any mention of the positive measures taken by the Carr Government, and now by the Iemma Government, to encourage first home buyers in our State. I conclude by saying that I am pleased the Premier has announced, and is now acting on, the abolition of the vendor duty. Unfortunately, this was a tax that had to be introduced to overcome the shortfalls in funding to this State by the Commonwealth—shortfalls that are ongoing. I am sure the fact that this vendor duty is going will bring about a healthier real estate market. I commend the Premier and the Government on the introduction of the bill.

Mr BARRY O'FARRELL (Ku-ring-gai—Deputy Leader of the Opposition) [12.22 p.m.]: Having listened to this debate, I can only but marvel at the latter-day converts on the Government side to the evils of this vendor duty. As my colleague the honourable member for Lismore indicates, if one were to compare the speeches they make today with the speeches they have made since the tax was introduced 16 months ago, we would find an enormous gulf, and what the honourable member for Cronulla described as a truck convoy on the road to Damascus. We have seen a demonstration of hypocrisy at its worst. The only person opposite who need not apologise is indeed the honourable member for Blacktown, who came into this Chamber towards the end of the last session and said this was a bad tax, and that it was hurting people. He was prepared to put his reputation on the line and called it what it was. Not a single other member opposite used this Chamber over the preceding 16 months to do the same as was done by the honourable member for Blacktown.

This ought to be an example of democracy at its best when a government brings in a flawed policy, the vendor duty, that is harsh and unfair, and hits mum and dad investors—people that any government ought to be encouraging to get into the investment market. Governments should have a duty at all levels to encourage people to prepare for their own retirements. One of the ways in which governments can do that, whether in New South Wales or in those old European countries that the honourable member for Cronulla spoke about, is to invest in property. Instead, the proposal put forward by the Carr Labor Government, of which Morris Iemma was a member, sought to punish those investors. One of the highest proportions of those investors is in the electorate of Drummoyne, whose parliamentary member has said not a word against that tax in this Chamber in the preceding 16 months.

The vendor duty not only had a devastating impact upon property investors, it also had—as is now being admitted, latterly by honourable members opposite—a devastating effect on the property market. At a time when the property market was struggling, this tax—as the former Leader of the Opposition often said—killed the property market stone motherless dead. Even worse, it has continued to fail to meet the revenue

forecasts made for it by two successive Labor Treasurers. So not only has the New South Wales Labor Government penalised people for investing and trying to get ahead, not only has it killed the property market, but it has not even achieved the revenue forecasts set for this tax from the outset. As a result, from day one, the former Leader of the Opposition and every member on this side of the Chamber, including the non-aligned members, opposed the tax root and branch on behalf of their communities and our constituents across the State, and indeed on behalf of Labor constituents, the Labor mum and dad investors who were trying to get ahead but were being stopped by this pernicious tax.

This ought to be a great example of how democracy works: opposition, on behalf of the community, points out the harshness, the unfairness of a tax, and finally government reacts. But that is not what happened. As honourable members on this side of the Chamber have said, today we have the final stage of something that was initiated by someone who is not a member of this Chamber, the General Secretary of the New South Wales branch of the Australian Labor Party, Mark Arbib. In his research earlier this year he discovered that this tax was not only hitting mum and dad investors, was not only hitting the property market, was not only failing to meet its revenue forecasts, but, as far as he was concerned, more importantly, it was doing this Government in within the electorate at large.

This tax, on its own, was a symbol of all that was bad about the high-taxing Carr Government and all that was bad about the Labor Party generally. What did the General Secretary of the Labor Party do? He commissioned research—research that was used to great effect against the Minister for Police and others in what was laughingly described as a leadership contest, when the former Premier decided to retire. The reality, as honourable members on this side have said, is that it was known that the tax would go. It was known, on the basis of research done by the New South Wales branch of the Labor Party, that the tax had to go if the Labor Government was to have any chance of re-election. Instead of the Government doing the right thing early, the decision was made to put off the removal of the tax until there was a new Premier, until there was a replacement for Bob Carr. Despite the fact that Morris Iemma, who is now Premier, announced on the first day he was in office that he would get rid of the tax, it had been known for months that the tax would go.

There can be no more cynical act, by what has been a very cynical faction of the Labor Party throughout its entire history, than the Mark Arbib, Bob Carr and Morris Iemma con on the people of New South Wales. That con has cost thousands of people in the vicinity of \$60 million. Those people should not have suffered the impact that this tax had upon them. They were forced to pay it—despite being unfair, harsh, and damaging to our economy—because it did not suit the timetable of Sussex Street to hand the baton from Bob Carr to Morris Iemma. That is what is crook about the decision to introduce this bill today. Whereas members on this side of the House have said from day one that this is a crook tax, we celebrate the fact that it is going. What we bemoan is the cynical way in which the Government has sought to remove the tax. Yesterday, in question time, the Premier said that his Government ought to be praised for this decision. That is a bit like thanking the mugger when he finally stops beating the crap out of you!

Ms Alison Megarrity: An unfortunate phrase.

Mr BARRY O'FARRELL: That is exactly the sort of language that the honourable member for Blacktown used when discussing this tax before the last recess. The reality is that, as Mark Latham is going to show us on the weekend, this is a poisonous and opportunistic faction of the Labor Party that once again has put its political interests ahead of the public interests. The Government forced people to pay \$60 million through a tax that it knew it was going to get rid of, simply because it did not suit their timetable for the change from Bob Carr to Morris Iemma. This is a Government, despite the change at the top, that is rotten to the core, that will always put its own interests ahead of the public interests. It deserves no praise over this sorry affair. Quite frankly, it ought to be giving back to those people who were forced to pay the vendor duty during that interim period the money that they have been forced to pay.

Ms ANGELA D'AMORE (Drummoyne) [12.30 p.m.]: I support the Duties Amendment (Abolition of Vendor Duty) Bill. I have heard from my residents about property taxes and I highlighted many times in caucus to the previous Premier and to the current Premier and Treasurer my concerns about the vendor duty. I welcome its abolition. The new Premier came to Breakfast Point, which is in my electorate, to meet with contractors, subcontractors, residents and investors to discuss the abolition of vendor duty. The discussion went very well. Last year I held a property tax forum—I understand I am one of the few members of Parliament who took such an initiative—to hear the concerns of my residents about vendor duty. Some 700 residents had written to me about property taxes. The forum was productive and resulted in a number of constructive suggestions to take to the Premier, one of which was to abolish the 2¼ per cent vendor duty.

I was vocal in caucus in highlighting that the introduction of the new tax was a result of an imposition by the Federal Coalition Government. In the Federal budget papers our Federal Treasurer, Mr Costello, quite clearly stated that the New South Wales Government has the capacity to increase property taxes and, therefore, we would have further GST revenue withdrawn. In the past 18 months what have those opposite done to convince the Federal Government that all residents in New South Wales who are property investors deserve some relief? That means giving back the \$3 billion to provide that relief.

Because we are good economic managers we have been proactive in abolishing the vendor tax. We know how to manage our budget. Since we have been in office we have produced surpluses, which means that we can absorb the shortfall in revenue that will result from the abolition of vendor tax. We understood the pain our investors were going through. My residents were very clear about their concerns with the vendor duty. I have not heard what members opposite will do about capital gains tax, which is 25 per cent, not 2¼ per cent, on investment property. Those opposite have not said one word about capital gains tax, which is a Federal tax on property. That should be examined. It is important that I be an effective member of Parliament for my residents, that I consult with them directly and that I take my concerns directly to the Premier. Whatever theatrics those opposite think we should play out in here—

Mr Thomas George: He didn't listen to you.

Ms ANGELA D'AMORE: He certainly did.

Mr Thomas George: Bob Carr did, did he?

Ms ANGELA D'AMORE: He certainly did. They all listen to their caucus members. I have yet to hear any comments about capital gains tax from those opposite, but rest assured that members on this side will continue to raise the issue. The 700 residents to whom I have written have welcomed the announcement of the abolition of the vendor duty. Our phones ran hot. We received many emails from residents saying, "Thank you very much. The reintroduction of the land tax threshold and the abolition of the vendor duty have made a difference." There are a number of property investors in my electorate, as there are in other electorates. Many of my residents are more comfortable investing in bricks and mortar than in shares, and when one considers the Telstra debacle one can understand why that is so. Many residents in my electorate are self-funded retirees and because we do not have an effective superannuation system to provide adequate remuneration for people when they retire, they invest in property as a nest egg for their retirement.

It is important that the New South Wales Government examine property taxes. Self-funded retirees in my electorate rang me and thanked me for my stand. Unlike the residents of Lismore, my residents know who I am. My property investors know who I am because I have taken the time to survey them, to talk to them and to hold a property tax forum to ascertain their concerns. Many people in my electorate like to buy investment properties to assist their children to buy their first home and to assist their families. My father is a property investor and he was able to assist my husband and me to buy our first home, for which I am very grateful. The New South Wales Government takes seriously the concerns of our property investors. We will say to the Federal Government, "We will not increase property taxes. You give us back our GST so that we can provide further relief."

Certainly \$3 billion is a lot of money, and it is our money. It is goods and services taxes that we pay on every single item that we buy every day. Why should that money not come back to us so that we can provide further relief? I am happy that the Premier took on board the concerns of the people of New South Wales and abolished the vendor duty. Representatives of the Real Estate Institute who came to see me are happy that the vendor tax has been abolished. Honourable members should note that many of our major associations and institutes have commended us for listening to people, taking this stand and reversing our initial decision. I have heard some debate in the Chamber about the date of implementation. I know that when capital gains tax was introduced many people were caught out. Certain individuals will always be caught out in a transition period.

Mr Thomas George: What about your land tax for this year?

Ms ANGELA D'AMORE: We will discuss that at a later date. I can assure the honourable member that we will come up with a solution for land tax—not those opposite. Labor members have more expertise and understanding of property taxes than the Opposition has. Land tax was introduced in 1948. It was given from the Federal Government to the State Government as a source of revenue. I welcome the announcement of the abolition of the vendor duty and the relief it will provide for investors. We will implement it because we are

good economic managers. I have heard nothing from the Opposition to suggest that they understand the issues or that they have the capacity to lobby constructively. I am truly disappointed because their constituents deserve the same representation that our constituents receive. Members opposite should do their research and bring their arguments forward, as we do. As Labor members we were happy that we were able to deliver this outcome to investors in our electorates. I thank every single resident who spoke to me, attended my forum, emailed me and responded to my surveys on property taxes because it is with their assistance that I was able to put a constructive argument to our Government that finally resulted in the abolition of this tax.

Mr THOMAS GEORGE (Lismore) [12.38 p.m.]: It has been marvellous to sit here today and listen to the comments from those on the other side of the House. Not one of them can produce one reference in *Hansard* for the last 16 or 17 months about their having spoken about the abolition of the vendor tax. It is a disgrace for the honourable member for Drummoyne to come into this House and say that she did everything she could to have the tax lifted. It was her Government and her representation that implemented the tax. They continue to tell us that the tax was implemented because of the \$3 billion shortfall in GST revenue from the Federal Government.

The tax was implemented to improve hospitals, police and roads. Are those services any better today after those opposite have collected \$60 million from vendor duty? No. They are exactly as they were 18 months ago. They have not improved. Members opposite said they had to implement the vendor duty because of the shortfall, which has not changed. Why have they lifted the vendor duty? The shortfall has not changed. Finally the Government has realised the mistake it made when it introduced legislation that has been described as the dumbest tax of all, the vendor duty. I wish to restate for the *Hansard* record what I stated approximately one week after the vendor duty legislation was introduced. On 19 April Alister Somerville, a solicitor, wrote to me. As I stated at that time, I could not outline the facts any better than he has. His letter stated:

Since this Mini-Budget was announced I have been trying to find out as much as I can about the possible new legislation with a view to agitating for the demise of some of its parts.

I was shocked and dismayed that the Government was intending to move the goal posts so far as land tax was concerned, as well as introducing a new Vendor Transfer Duty of 2.25%.

I was also incensed, and continue to be so, as the answers that I have received from the Mini-Budget section of the Office of State Revenue confirmed my serious concerns. But those answers also revealed that the Government hasn't everything and is still trying to work out the "nuts and bolts" of the proposed legislation.

As I stated at that time, Alister Somerville had been in contact with the Government's own departments in an attempt to find out how the tax would work. He realised that the legislation had been brought in on the run. This Government deserves to be slammed over that approach to legislation. Mr Somerville rightly pointed out what had happened. The legislation was introduced on the run yet Government members, including the honourable member for East Hills, claim that too many houses were being put on the market at well above their market value—to the extent of hundreds of thousands of dollars. Many experts, including the Real Estate Institute, had warned the Government against this trend.

Members of the Opposition expressed strong views opposing the vendor duty legislation and wrote to various Ministers to outline the probable consequences. Despite that, the honourable member for Drummoyne has stated in this Chamber that she represents her constituents' views. Where does she think the Opposition was getting its information from 16 months ago? The Opposition was listening to grassroots constituents and it was bringing their views and concerns to this Parliament. Opposition members made representations to the Government: But, no, the Government would not listen. We had to have this tax.

It is obvious from the speeches that have been made during this debate that there is one concept that Government members do not like: that of people being able to get ahead. The honourable member for East Hills stated that people were putting their houses on the market at prices that were hundreds of thousands of dollars more than they were worth, but I ask: Is it a shame to make a profit? According to this Government, yes it is. Every time someone makes a profit this Government wants to take some of it. That is why New South Wales is the highest taxing State in Australia. Not one Government member listened when the vendor duty legislation was introduced, yet each and every one of them has come into this Chamber today and claimed that this amending bill has been introduced because the Government has listened to the people.

I wrote to the Treasurer on behalf of a constituent of mine, who lived with his wife in a house in Lismore. Because the mother of one of those constituents was relocating from the southern part of the State they needed a bigger house, so they bought a house in Casino, which they intended to be their residence, and retained

the house in Lismore. When the market crashed they were unable to sell the house. When the mother arrived they had to move to Casino and because they did not wish to leave the house in Lismore empty they were forced to rent it. This Government regarded the property as an investment. They had to pay vendor duty on the sale of the house.

This Government did not exercise any discretion based on the circumstances: They had to buy a bigger home in another town to accommodate a family member who needed care. They had already suffered significant loss as a result of the introduction of vendor duty because the market had collapsed and land tax, which will apply until 31 December this year, also had to be paid. The couple had to pay vendor duty on what they regarded as their family home simply because they had been forced to rent the house. That example is typical of the situations that people have been faced with. In spite of that, Government members claim in this Chamber to have listened to their constituents. That may be the case now, but it took them a long time to arrive at that point.

The Opposition outlined in this Chamber 16 months ago the consequences of this tax. I will be comparing what Government members said in this Chamber when the vendor duty legislation was introduced with what they are saying now. It is very interesting on the one hand to hear comments by Government members in support of the vendor duty, and on the other claiming that the Government has done the right thing in abolishing it. It is about time the Government listened to its constituents and recognised that when Opposition members bring complaints and concerns before the House they are representing the people of their electorates. Members of the Coalition listen to the people they represent, despite assertions made to the contrary by the honourable member for Drummoyne. If she had been listening to her constituents, *Hansard* of 18 months ago would show the sentiments she has expressed today, but clearly that is not the case.

Mr RICHARD TORBAY (Northern Tablelands) [12.45 p.m.]: It is with pleasure that I support the bill. I have been very interested to hear the debate and recent political dialogue, but the main point is that it is good news for the people of New South Wales that this ridiculous tax will be abolished. I do not wish to enter into discussion on the political circumstances that have led to the introduction of this bill or the Chinese chequers that have been played in determining who should get the credit for the announcement and when the announcement was made because it is simply good news that the tax has been abolished, and that should be acknowledged.

When the tax was first announced, I said that it was a bad tax for a number of reasons. First, the vendor duty's impact on the connection between wealth creation and housing meant that the legislation potentially applied brakes to the economy at every level with resultant adverse effects upon the people of New South Wales. The impact probably has been greater in regional and rural areas, which are often overlooked when a one size fits all policy is applied. A significant number of investors are in regional and rural New South Wales. In the Northern Tablelands electorate there are well over 4,000 investors, and throughout country electorates in New South Wales there would be even greater numbers of investors. Investors not only take advantage of opportunities presented by a burgeoning economy but also provide very important residential services to the people of New South Wales—a factor that is often overlooked.

Comments about whether the current Premier or the previous Premier should have abolished the tax amount to mere political sparring, and it has not been helpful for some Opposition members and some Government members to refer to the antics of political parties, bearing in mind the previous four weeks that have been endured in New South Wales. However, I point out that it is not just comments that have been made in this Parliament that have caused the Government to take corrective action. As is the case in relation to so many other matters, pressure that causes a government to change course comes from the community. Honourable members should acknowledge that the community knows the difference between good legislation and bad legislation, and they have had their say on the vendor duty.

I point out to Opposition members who exhorted others to listen to people in the community that they should follow their own lead in relation to Telstra. I hope they do so because 80 per cent of the community is saying that they do not want Telstra to be sold. It is the community that will drive the determination of that issue. If the Opposition wants to be consistent in its philosophical approach in a debate on the elimination of an appalling tax in New South Wales—a tax that should be abolished, and I am glad that it will be—the Opposition should telephone their Federal Coalition colleagues and tell them to listen to the 80 per cent of people in the community who do not want Telstra to be sold.

I understand the pressures placed on a budget. As local members we attend many public meetings and one of the first things we are asked for is better and more resources for health, education and law enforcement.

Tax dollars are under constant pressure because of community expectations—and rightly so. That is why I stand by the comments of Premier Iemma regarding the GST; that we should be united in making sure that New South Wales gets an equitable share of the GST. That issue should be above party politics. When we say to our constituents that we will represent them in getting additional resources, it is important that first and foremost we get an equitable share of the GST that they have paid.

We should acknowledge, for whatever reasons, the good news of the abolition of the vendor duty. Yesterday the Premier said that this abolition comes at a time when the economy is slowing. We have had enough evidence to know that. However, the vendor tax brought that decline to a standstill in a very short time. The new Premier was off to a good start in eliminating that tax. I hope we see some rollback on the clubs tax, on which the Premier has commented. Clubs provide enormous services in many ways, particularly to the non-government and community areas. It is important that that service be reflected in further discussions on taxation. Let us all get behind the initiative of ensuring that New South Wales has its fair share of the GST, so it can be distributed where needed in our communities.

Mr STEVE CANSDELL (Clarence) [12.52 p.m.]: The Duties Amendment (Abolition of Vendor Duty) Bill should be called the Abolition of Labor's Vendor Duty Bill. Today the New South Wales Labor Government is admitting its mistake; and it did make a mistake. What do we do when we make a mistake? We apologise. What do we do when we hurt someone by that mistake? Again, we apologise. But when there is no mistake and someone is hurt, what is that called? It is called a malicious intent. And that is basically what deliberately delaying the removal of the world's dumbest tax from May to August is: malicious intent. What should be done about usurping \$60 million of New South Wales citizens' money through malicious intent? It should be paid back. So pay back the \$60 million!

In an amazing three-year period New South Wales has seen a property boom and a property market slowdown. But following the introduction of the world's dumbest tax the property market in New South Wales has virtually died. The New South Wales property market has been buried, and investors are fleeing over the border to Queensland. Many investors in the Clarence electorate have told me that they will not buy property in the Clarence, and many have bought in Queensland. The vendor tax penalised small investors, mostly mum and dad investors, and also workers. Today Labor members said that the vendor tax was bad and that they were happy it had been repealed. They said they were representing their electorates. Members on this side of the House have not heard that or, as the honourable member for Lismore said, we have not read anything like that in *Hansard*.

When members on this side of the Chamber spoke against the vendor tax, comments from those opposite included, "You are looking after your North Shore mates". That comment has come back to bite them on their backsides, because although some North Shore investors have been hurt, many investors from Western Sydney, Labor's heartland, have been hurt and have turned away from Labor. This tax affects everyone. Because of that tax Bob Carr jumped ship. Andrew Refshauge, who inherited a hot potato, hit the ejector seat. Craig Knowles said, "Let me out of here too, it is getting too hot." This tax has caused pain, confusion, and loss of retirement security for many elderly people who sold their properties. The world's dumbest tax not only hit those people but also removed the threshold for land tax. That caused double pain for 4,000 investors in the Clarence Valley.

Those affected were not only retirement investors but also young people who were trying to invest for their families, for the future, so they could retire. Many people had sold their properties because they could not afford to pay the land tax. The Labor Party got a sudden wake-up call and removed the vendor tax, and it was about time. But it should never have been brought in in the first place. The economic dummies opposite supported its introduction when every organisation in New South Wales said it was a dumb tax. The Government gained \$350 million, followed by another \$60 million, through corrupt mercenary means, through malicious intent, by delaying the axing of that tax from May until August.

Only one member on the opposite side of the Chamber can hold his head up in this debacle; and that is the honourable member for Blacktown, Paul Gibson. He spoke up in caucus, and loudly in the Chamber, in the media and in public against that tax. He was not worried about losing his endorsement for the next election, but obviously many other Labor members were worried. They are now concerned and are listening to their constituents. The only reason they did not speak out earlier was that they were in fear of losing their endorsement for the 2007 election. They can breathe a sigh of relief: they have done the right thing by the Labor Party. They did not represent their constituents; they represented the Labor Party for 16 months by keeping their mouths closed. They now jump up and beat their chests because the Opposition and the community have put

pressure on them. The voters of New South Wales are the victims in this matter. They have forced the Government to cancel the world's dumbest tax.

Debate adjourned on motion by Mr Daryl Maguire.

[Mr Acting-Speaker (Mr John Mills) left the chair at 12.58 p.m. The House resumed at 2.15 p.m.]

PETITIONS

Alstonville Bypass

Petition requesting that the Alstonville Bypass be completed by the end of 2006, received from **Mr Donald Page**.

Gaming Machine Tax

Petition opposing the decision to increase poker machine tax, received from **Mrs Judy Hopwood**.

Southern Tablelands Rail Services

Petition opposing any reduction in rail services on the Southern Tablelands line, received from **Ms Katrina Hodgkinson**.

Belmont Aeropelican Air Services

Petition requesting support for the retention of Aeropelican air services in the Belmont area, received from **Mr Matthew Morris**.

Murwillumbah to Casino Rail Service

Petition requesting the retention of the CountryLink rail service from Murwillumbah to Casino, received from **Mr Neville Newell**.

Blacktown to Richmond Night Bus Service

Petition requesting a bus service from Blacktown along the Richmond line between midnight and 5.00 a.m., received from **Mr Steven Pringle**.

CountryLink Rail Services

Petition opposing the abolition of CountryLink rail services and their replacement with bus services in rural and regional New South Wales, received from **Mr Andrew Stoner**.

Mid North Coast Airconditioned School Buses

Petition opposing the removal of airconditioned school buses from the mid North Coast, received from **Mr Andrew Stoner**.

School Bus Seat Belts

Petition requesting the installation of seat belts on all school buses, and the removal of exemptions under design rule 68, received from **Mr Steve Whan**.

Same-sex Marriage Legislation

Petitions opposing same-sex marriage legislation, received from **Mr Andrew Constance**, **Ms Marianne Saliba**, **Mr Andrew Tink**, **Mr Richard Torbay** and **Mr John Turner**.

Anti-Discrimination (Religious Tolerance) Legislation

Petitions opposing the proposed anti-discrimination (religious tolerance) legislation, received from **Mrs Judy Hopwood**, **Mr Malcolm Kerr**, **Ms Marianne Saliba**, **Mr George Souris** and **Mr Andrew Stoner**.

Whale Protection in Australian Waters

Petitions requesting protection of whales in Australian waters, received from **Mrs Judy Hopwood** and **Mr Neville Newell**.

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 **Ms Marianne Saliba**.

Dunoon Dam

Petition requesting the fast-tracking of plans to build a dam at Dunoon, received from **Mr Thomas George**.

Kempsey Water Fluoridation

Petition opposing the addition of fluoride to the Kempsey and district water supply, received from **Mr Andrew Stoner**.

Colo High School Airconditioning

Petition requesting the installation of airconditioning in all classrooms and the library of Colo High School, received from **Mr Steven Pringle**.

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 Andrew Fraser** and **Mr Thomas George**.

Lismore Base Hospital

Petitions requesting action to ensure that Lismore Base Hospital remains an accredited centre of excellence, received from **Mr Thomas George** and **Mr Donald Page**.

Breast Screening Funding

Petition requesting funding for BreastScreen NSW, received from **Mrs Judy Hopwood**.

Kurnell Sandmining

Petition opposing sandmining on the Kurnell Peninsula, received from **Mr Barry Collier**.

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**.

Hawkesbury Electorate Youth Transport Services

Petition requesting affordable transport options for youth in the areas of Maraylya, Scheyville, Oakville and Cattai, received from **Mr Steven Pringle**.

Recreational Fishing

Petitions opposing any restrictions on recreational fishing in the mid North Coast waters, received from **Mr Andrew Stoner** and **Mr John Turner**.

Lismore Fire Service

Petition requesting the provision of a permanently staffed fire service in Lismore, received from **Mr Thomas George**.

Crown Land Leases

Petition requesting the withdrawal of changes to the rental structure of Crown land leases, particularly enclosed road permits, received from **Ms Katrina Hodgkinson**.

Collector Bushrangers Reserve Motorcycle Track

Petition requesting approval for the construction of a motorcycle track at Collector Bushrangers Reserve, received from **Ms Katrina Hodgkinson**.

Water-Access-Only Property Policy

Petition requesting a review of the water-access-only property policy, received from **Mrs Judy Hopwood**.

Burwood Colliery Bowling Club Crown Land Site

Petition opposing the sale of the Burwood Colliery Bowling Club Crown land site to the club for the purpose of a joint venture development, received from **Mr Matthew Morris**.

Willoughby Traffic Conditions

Petition requesting a regional traffic plan for the Pacific Highway at Willoughby, received from **Ms Gladys Berejikian**.

Edinburgh Road, Willoughby, Traffic Conditions

Petition requesting a right turn arrow for traffic travelling west on Edinburgh Road, Castlecrag, turning north onto Eastern Valley Way, received from **Ms Gladys Berejikian**.

F6 Corridor Community Use

Petition noting the decision of the Minister for Roads, gazetted in February 2003, to abandon the construction of any freeway or motorway in the F6 corridor, and requesting preservation of the corridor for open space, community use and public transport, received from **Mr Barry Collier**.

Barton Highway Dual Carriageway Funding

Petition requesting that the Minister for Roads change the Roads and Traffic Authority's priority for Federal AusLink funding for the Barton Highway, received from **Ms Katrina Hodgkinson**.

Old Northern and New Line Roads Strategic Route Development Study

Petition requesting funding for implementation of the Old Northern and New Line roads strategic route development study, received from **Mr Steven Pringle**.

Forster-Tuncurry Cycleways

Petition requesting the building of cycleways in the Forster-Tuncurry area, received from **Mr John Turner**.

Macdonald River Signage

Petition requesting that the Macdonald River be provided with signage stating "4 or 8 knots, no skiing, no wash", received from **Mr Steven Pringle**.

DISTINGUISHED VISITORS

Mr SPEAKER: I welcome to the public gallery the Hon. John Murray, former Speaker of the Legislative Assembly. I also welcome to the public gallery Mr Christopher Church, PSM, who has had a long

and illustrious career working for many Ministers in governments of all political persuasions. He started his career as my ministerial attendant in February 1986 and concluded his service with the Minister for Gaming and Racing. I congratulate Chris on his long and illustrious career.

BUSINESS OF THE HOUSE

Withdrawal of Business

General Business Notice of Motion (General Notice) No. 7 withdrawn by Mr Andrew Humpherson.

BUSINESS OF THE HOUSE

Reordering of General Business

Mr ANDREW TINK (Epping) [2.32 p.m.]: I move:

That General Business Order of the Day (for Bills) No. 10 have precedence on Thursday 15 September.

This bill will allow the Police Integrity Commission [PIC] to have continuing jurisdiction to complete its investigation into former Justice Jeff Shaw. Recently the Supreme Court handed down a decision which, for technical legal reasons, has stopped the PIC from proceeding to report on its investigations so far. In light of that there seem to be three options: first, do nothing; second, refer everything to the Independent Commission Against Corruption to start again; and third, allow the Police Integrity Commission, which has a good track record of hearing serious matters against high-profile police and related officials, to complete this investigation. Some time ago the former Minister for Police, John Watkins, said this in an interview with Alan Jones:

Alan, it is unbelievable that this one sample would go missing. It is shocking but it is absolutely unbelievable. There is either a major stuff-up or a criminal act has occurred and we have to get to the bottom of it if humanly possible.

The former Minister for Police also said in a press release dated 3 November:

We will take whatever action is required to get answers.

He said that when probably everyone thought the police were to blame, it is quite plain that the police were not to blame. The question for the Government, the Deputy Premier and others, in particular, is whether we have one test for police officers in this State to get to the bottom of allegations against them and another test for judges and former judges? In this House we always talk about law and order issues, the judiciary and the proper behaviour of those who judge others. This is a test for all of us as to whether we will allow the Police Integrity Commission to finish off its investigation.

As things stand, we have the extraordinary situation of video evidence aired at the PIC and released publicly showing former Justice Shaw returning after what is now an admitted criminal act on his part into the Supreme Court with a bag full of evidence relating to himself that he should not have had. That is where this inquiry presently rests. It is vital for the Police Integrity Commission to be able to finish this matter. If it is not able to do so, the message will be that the Government is partisan in its treatment of police and judicial officers, especially if, as it appears, they are former members of the left wing of caucus. The bipartisan Legislation Review Committee said this in relation to the bill:

This doesn't appear to affect the fairness or integrity of the inquiry process and the retrospective effect of the bill doesn't impose unduly on personal rights and liberties.

The question for the Premier is: Will he follow that Richardson dictum—whatever it takes, look after your mates—or will he allow debate on this bill to proceed? [*Time expired.*]

Mr CARL SCULLY (Smithfield—Minister for Police, and Minister for Utilities) [2.35 p.m.]: The Opposition knows full well that the Supreme Court dealt with this matter and ruled, appropriately, that if there is no police corruption it is not appropriate for the Police Integrity Commission [PIC] to commence or continue inquiries into extraneous matters.

Mr SPEAKER: Order! The honourable member for Bathurst will come to order.

Mr CARL SCULLY: The Opposition is seeking to pass retrospective legislation that will allow the PIC to investigate something it was never intended that it should investigate. Let us remember how this started. The investigation started because an allegation was made that the police did something wrong with the sample. That is why the PIC, appropriately, commenced its inquiries early in the investigation. It became patently obvious that no police officer had done anything wrong. At that point the Supreme Court said that the PIC should discontinue its inquiries. The request for priority is rejected, and the answer is "No".

Question—That the motion be agreed to—put.

The House divided.

Ayes, 28

Mr Aplin	Mr Kerr	Mr Slack-Smith
Ms Berejiklian	Mr Merton	Mr Souris
Mr Cansdell	Mr O'Farrell	Mr Stoner
Mr Constance	Mr Page	Mr Tink
Mr Debnam	Mr Piccoli	Mr J. H. Turner
Mr Fraser	Mr Pringle	Mr R. W. Turner
Mrs Hancock	Mr Richardson	
Mr Hazzard	Mr Roberts	<i>Tellers,</i>
Mrs Hopwood	Ms Seaton	Mr George
Mr Humpherson	Mrs Skinner	Mr Maguire

Noes, 55

Ms Allan	Mr Gaudry	Mr Oakeshott
Mr Amery	Mr Gibson	Mr Orkopoulos
Ms Andrews	Mr Greene	Mrs Paluzzano
Mr Barr	Ms Hay	Mr Pearce
Mr Bartlett	Mr Hickey	Mrs Perry
Ms Beamer	Mr Hunter	Ms Saliba
Mr Black	Mr Iemma	Mr Sartor
Mr Brown	Ms Judge	Mr Scully
Ms Burney	Ms Keneally	Mr Shearan
Miss Burton	Mr Lynch	Mr Stewart
Mr Campbell	Mr McBride	Mr Torbay
Mr Collier	Mr McLeay	Mr Tripodi
Mr Corrigan	Ms Meagher	Mr Watkins
Mr Crittenden	Ms Megarrity	Mr West
Ms D'Amore	Mr Mills	Mr Whan
Mr Debus	Ms Moore	
Mr Draper	Mr Morris	<i>Tellers,</i>
Mrs Fardell	Mr Newell	Mr Ashton
Ms Gadiel	Ms Nori	Mr Martin

Pair

Ms Hodgkinson

Mr Price

Question resolved in the negative.

Motion negatived.

QUESTIONS WITHOUT NOTICE

POLICING RESOURCES

Mr PETER DEBNAM: My question is directed to the Premier, and Treasurer. Given that there have been 22 armed and violent robberies, virtually one an hour, in the last day across Sydney, including one this morning at Glenfield Newsagency in Macquarie Fields, will he finally admit that his budget crisis is starving front-line police of the resources they need to fight crime?

Mr MORRIS IEMMA: This little piece of paper has some very interesting figures on it, which I thought the honourable member for Upper Hunter might be interested in. When it comes to budget crises, given Luna Park—

[Interruption]

Mr SPEAKER: Order! The honourable member for Bathurst will come to order. The Deputy Leader of the Opposition will come to order.

Mr MORRIS IEMMA: We all remember Luna Park, George. The question asked by the Leader of the Opposition deserves a detailed and comprehensive response, and that is what he will get. As far as health spending is concerned, this Government has more than doubled health spending in the time it has been in government. In fact, the current budget for health provides for a \$900 million increase in this coming financial year, which will go towards funding some 800 extra beds as part of the Government's plan to boost beds in our public hospitals. Front-line health services—

Mrs Jillian Skinner: Who closed them?

Mr MORRIS IEMMA: I am glad the honourable member asked about bed numbers, because when the Coalition was in government it shut 7,000 beds and 33 hospitals.

Mr Matt Brown: They closed Kiama Hospital.

Mr MORRIS IEMMA: Closed Kiama Hospital, that is right.

Mr Andrew Stoner: What about Glenfield?

Mr MORRIS IEMMA: They were about to close—

Mrs Jillian Skinner: What about Canterbury Hospital?

Mr SPEAKER: Order! The Leader of The Nationals will come to order.

Mr MORRIS IEMMA: The only thing that saved Canterbury Hospital was the election of the Labor Government. That was another hospital the Coalition was about to close. It closed, downgraded or sold off 33 public hospitals. Remember Port Macquarie! By the way, when we bought it back after the taxpayers had given it away and paid for it twice over—in the words of the Auditor-General—was there one word from The Nationals? Not one word. That was the Coalition's health and financial disaster and we had to come in and clean it up.

Mr Andrew Tink: Point of order—

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

Mr Andrew Tink: There are 22 victims of armed hold-ups in the last 24 hours who would like a relevant answer from the Premier, a relevant answer on police numbers and police funding, for the 22 victims of armed hold-ups in the last day. How about something on that?

Mr MORRIS IEMMA: The question mentioned health, so I thought I would start with health. In fact, the budget funds an additional 800 beds. By the time the year is out and by the time we start pumping extra resources into front-line health services we will have had an additional 1,000 beds. More beds, more nurses, more elective surgery—that is what the budget does, that \$900 million increase in health. We will leave health and we will get on to police and crime in a second. Yes, we certainly will. He wants the latest crime statistics. I will leave that until we have dealt with the Police budget. We have 14,600 police but when the Opposition left office there were 12,500. That is part of our commitment to bearing down on crime. If he wants to know what the Police budget is, the Police budget has increased 95 per cent since 1995—\$2.1 billion. As for the crime statistics, in the 20 months from July 2003 to June 2005 nine of the 16 major crime categories showed a downward trend.

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

Mr MORRIS IEMMA: The offences with downward trends were robbery without a weapon down 15 per cent, robbery with a firearm down 45 per cent, break and enter dwelling down 15 per cent, break and enter non-dwelling down 12 per cent, motor vehicle theft down 9 per cent, steal from motor vehicle down 6 per cent, steal from retail store down 7 per cent, steal from dwelling down 11 per cent and steal from person down 22 per cent.

Mr SPEAKER: Order! The Premier has the call.

Mr MORRIS IEMMA: We have hardworking police in this State who are led by a commissioner whose contract has just been extended. Have we heard one word from the Opposition about Ken Moroney's extension? The best commissioner we have had, but have we heard one word of encouragement from the Opposition saying, "Good on you, Ken, for signing up for another two years to lead the New South Wales Police Force. Good on you, Ken, for leading your people in the front line in the fight against crime." Have we heard one word of encouragement to Ken Moroney and his hardworking policemen and policewomen who have been responsible for these sorts of statistics? No. All we get is either silence or attacks on Ken Moroney.

Then members opposite have the gall to get up in this place to ask questions about policing. When presented with an opportunity to say something positive one would have thought that a police commissioner with the record, stature and respect of Ken Moroney would draw one word of encouragement from the Opposition. But no, we have had silence. Not one word of encouragement for those statistics for which his officers and his leadership have been responsible. No, not one word of encouragement for either Ken Moroney or the men and women that he leads for their outstanding work.

Mr SPEAKER: Order! The Deputy Leader of the Opposition will come to order. The honourable member for Bathurst will come to order.

Mr MORRIS IEMMA: When we talk about those extra police numbers, the numbers of police officers in the Macquarie Fields local area command have more than doubled.

Mr SPEAKER: Order! The Deputy Leader of the Opposition will come to order.

Mr MORRIS IEMMA: In 1994—that rings a bell—that is when the Coalition last had the chance to put extra policing resources into Macquarie Fields. In 1994, there were 76. In 2005, there are 156. In the 12 months to December in the Macquarie Fields local area command, steal from a person was down by 29.6 per cent, assault was down by 6.7 per cent and steal from motor vehicle was down 15.7 per cent. We have more police, tougher powers, more resources and police officers led by the outstanding Ken Moroney bearing down on crime. When we get to the number of teachers, nurses and police, the challenge for the Leader of the Opposition—or, I don't know, the challenge might be for the Deputy Leader of the Opposition, he wanted his job but—

Mr Peter Debnam: You don't know.

Mr MORRIS IEMMA: The only thing we can rely on is that for the time being the challenge is for the Leader of the Opposition.

Mr SPEAKER: Order! The Premier has the call.

Mr Peter Debnam: Point of order: Can I help him? If he hasn't got any answers I will ask him the next question.

Mr SPEAKER: Order! The Leader of the Opposition will resume his seat. He is flouting the standing orders.

Mr MORRIS IEMMA: The only threat posed to police, nurses and teacher numbers in this State is the one posed by the Opposition. The Opposition has announced that 29,000 public sector workers will be thrown onto the scrap heap when they are axed as proposed by the Opposition. If anyone can believe the Opposition's exemptions, the only way that it will be able to meet the figure of 29,000 is to sack police, nurses and teachers, and that is precisely what the Coalition's policy is. That is what the Coalition plans to do. The Coalition put that statement out just two weeks ago and the challenge presented to the Coalition is to decide whether to junk that policy or adhere to it. The only way the Coalition can meet a commitment to reduce the

public sector by 29,000 employees is to cut front-line services, and that means a reduction in the numbers of police, nurses and teachers. The only way to achieve that objective is to take the axe to the staffing levels of police, nurses and teachers—nearly 30,000 of them.

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

Mr MORRIS IEMMA: That is an incredible number of public sector personnel. It is no wonder the Opposition started backtracking by proposing exemptions all over the place. When the exemptions are taken into account, it will still leave approximately 95,000 public servants. Does anyone really believe that the Opposition will achieve its objective by getting rid of one in three public sector employees in this State? No-one believes that the Opposition will ever achieve that, and that is why the Opposition's policy can mean only that police, nurses and teachers will be axed, cut, sacked. That is the Opposition's plan. That policy was revealed only a few weeks ago by a party that is under incredible pressure, and we know exactly why. The Liberal Party is at war with itself and its members will not let up unless one of two things happen: either one faction eliminates the other, or the Deputy Leader of the Opposition will get the courage to take on the job that he did not have the courage to take up earlier. The Deputy Leader of the Opposition will have to actually decide to step up to the mark.

Mr Andrew Tink: Point of order: I just want to remind the Premier about factionalism.

Mr SPEAKER: Order! The honourable member for Epping will resume his seat. I call him to order for the second time. I call the Deputy Leader of the Opposition to order.

Mr MORRIS IEMMA: I was wrong when I said there are two factions. In fact, there are three factions. There is the Debnam faction, the O'Farrell faction and now the lunatic faction led by the honourable member for Epping, who I do not think will win the war. He has announced with great fanfare the arrival of the lunatic faction. As far as the budget is concerned, I could have sworn that yesterday I shook hands with Peter Debnam in the Chamber. He told me that there is a photograph of us in the *Sydney Morning Herald*, but today he issued a press release that refers to a secret plan to reintroduce vendor duty.

I thought he was present in the Chamber yesterday when legislation was introduced to abolish it. I could have sworn that it was the Leader of the Opposition with whom I shook hands yesterday and that our photograph was in the *Sydney Morning Herald*. One can imagine the thoughts in the mind of Deputy Leader of the Opposition when he saw today's press release issued by the Leader of the Opposition. He would have thought, "Oh dear. If only I had had the courage to take on the leadership. If only my party did not hate me so much. If only I had had the courage to stand for the leadership."

Mr Barry O'Farrell: Point of order—

Mr SPEAKER: Order! The Deputy Leader of the Opposition will be heard in silence.

Mr Barry O'Farrell: I have sat through a day and a half of good political points being made.

Mr SPEAKER: Does the Deputy Leader of the Opposition have a point of order?

Mr Barry O'Farrell: My point of order is that 22 victims of armed crime in 24 hours deserve a far more serious response from the Premier.

Mr SPEAKER: Order! A point of order should not be a speech. The Deputy Leader of the Opposition will resume his seat.

Mr MORRIS IEMMA: The Deputy Leader of the Opposition had the numbers, but not the courage. When it comes to the budget, the previous Coalition Government's first budget resulted in a deficit of \$515 million, but the Coalition got really serious the next year and followed that with a budget deficit of \$1.2 billion. Its third budget resulted in a budget deficit of \$1.6 billion, so it was really trying. That was followed by a budget deficit of \$1.2 billion, and that was followed by another budget deficit of \$907 million.

Mr Andrew Stoner: Point of order—

Mr SPEAKER: Order! Before I call on the Leader of The Nationals to present his point of order, I draw the attention of members to the fact that I have now invited several members to present points of order. No

member has yet presented a valid point of order. I trust the Leader of The Nationals has a better understanding of the forms of the House than those members who purported to present earlier points of order. What is the point of order?

Mr Andrew Stoner: I refer to the standing order relating to tedious repetition. We heard this yesterday. It was boring then. It is boring now.

Mr SPEAKER: Order! The Leader of The Nationals will resume his seat. I call him to order.

Mr MORRIS IEMMA: That was followed by a final budget deficit of \$611 million.

Mr Andrew Stoner: The question is about 22 armed hold-ups in the last 24 hours. Answer the question.

Mr MORRIS IEMMA: The question was about the budget, front-line services, crimes, crime statistics and police numbers, and that is exactly the response I have given. The last issue that the Coalition should be asking questions about is budgets and financial management.

[Questions without notice interrupted.]

DISTINGUISHED VISITORS

Mr SPEAKER: I acknowledge the presence in the gallery of the Hon. Bev Harrison, the Speaker of the Legislative Assembly of New Brunswick, Canada, and Mrs Harrison. I welcome them to New South Wales and to the Parliament.

QUESTIONS WITHOUT NOTICE

[Questions without notice resumed.]

MENTAL HEALTH SERVICES

Ms LINDA BURNEY: My question without notice is addressed to the Premier. What is the latest information on the Government's support for people in our community with a mental illness?

Mr MORRIS IEMMA: That is an excellent question.

Ms Gladys Berejikian: You made a joke of them. Apologise!

Mr MORRIS IEMMA: The honourable member for Willoughby should listen to this answer because it provides very important information. There is no greater challenge facing governments across the world than the provision of a full range of mental health services. The issue is one that has a high priority for this Government. This issue can be addressed in no better way than by the Housing, Accommodation and Support Initiative, which is known as the HASI program. The program is truly a unique three-way partnership between New South Wales Health, the Department of Housing, and mental health non-government organisations. The program commenced in 2003.

Ms Gladys Berejikian: This is the same answer you gave yesterday.

Mr MORRIS IEMMA: It is not. It is a different one.

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

Mr MORRIS IEMMA: This answer provides updated information on a very important program that provides assistance for mentally ill patients. The program began in 2003 with 118 participants. They include people with high-levels of psychiatric disabilities, people with histories of long-term hospitalisations, instability in their tenancy arrangements and those vulnerable people with limited social or family networks. I am pleased to be able to provide the House with an update and with the results of a comprehensive evaluation of the HASI program. A study was conducted by the Social Policy Research Centre of the University of New South Wales. That survey has revealed outstanding results.

Between February and April this year, 71 HASI clients were interviewed and surveyed along with 57 individuals working for the non-government sector including accommodation providers, 46 employees from health services providing clinical services, 11 housing provider staff, and 27 families of those receiving support. Almost all the people receiving support had been hospitalised at some stage in the year prior to joining the HASI Program; just under one-third had spent 260 or more days in hospital in the year before they started the program; and 71 per cent had schizophrenia as their primary diagnosis. The majority of people entered the program with very high support needs. Support was provided to the clients by three non-government organisations: NEAMI, the Richmond Fellowship and New Horizons. The report observed:

... the evaluation revealed some remarkable outcomes for many of those participating in the program.

The outcomes certainly are remarkable and the figures paint that picture. In the year prior to joining HASI the 118 people receiving support had spent a combined total of 12,486 days in hospital. Over the following 12-month period this reduced to just 1,377 days in hospital. After one year into the program that is a 90 per cent reduction, a truly remarkable result in reducing hospitalisation. Does the Deputy Leader of the Opposition not find this interesting? Further, the evaluation found that:

... 85 per cent of those receiving support had successfully maintained their tenancy;

72 per cent had made new friends since joining the program;

92 per cent of clients were regularly seen by their case manager; and

89 per cent were still in contact with their psychiatrists.

More than half of the people receiving support reported improvement in their shopping, budgeting and cooking skills, and an improved diet and physical fitness. More generally, case managers reported a 69 per cent improvement in the client's mental health. The aim of the HASI Program has been and will continue to be to provide stability, independence and improved quality of life for the more vulnerable members of our community. The evaluation found that HASI has eased tensions and reconnected some individuals with estranged family members. It is not just the academics who praised the program. I will recount the experiences of some of those participating in the program. One man spent 18 months in hospital prior to joining HASI and his mental illness was compounded by a history of drug and alcohol abuse, and he rarely left his home. After 12 months on the program, he said:

I'm living a life now. I was in so much emotional pain in the past I didn't want to live anywhere. It wasn't until now that these people have got me into a life style which I enjoy. I'm living a life and I enjoy it. I never had that before.

A person with schizophrenia had spent 15 years in and out of prison. She had never had a stable home and has a history of hospitalisation, alcohol problems and poor nutrition. After her time in the HASI Program her case manager reported:

She is a different girl. The fact that we have had this woman sober for the first time in 20 years and not reaching for a drink is incredible ... I really thought it would all come crumbling down, but it didn't. It's only because of the constant support.

Earlier in the year we announced the successful non-government organisations that had tendered to provide low-level disability support for the second stage of the program. That is an additional 460 people with a mental illness across New South Wales. This year's budget set aside an additional \$8 million for stage three of the program. This will allow the program to be extended to another 126 people, this time requiring high-level support. That is support for more than 700 people in the community, to help them lead better lives. We will feed the results of the survey into further planning to enhance services for the mentally ill in the community, providing them with clinical support services to improve their health, and also to partner with non-government organisations that can improve their living skills so they can continue to live independently in the community.

Ms Gladys Berejiklian: That is 4.9 per cent.

Mr MORRIS IEMMA: No, it is 45 per cent.

POLICE OFFICER FUNDING

Mr PETER DEBNAM: My question without notice is directed to the Premier, and Treasurer. Will the Premier now reinstate funding for the 553 police officers his Labor Government has cut since the 2003 election year, including the 24 officers slashed from the Liverpool and Macquarie Fields local area commands?

Mr MORRIS IEMMA: I have just outlined how the Government has added extra police: We have 14,500 police, and there were just over 12,500 when the Coalition was in government. I recently read out the figures for the Macquarie Fields Local Area Command.

Mr SPEAKER: Order! The Premier has the call.

Mr MORRIS IEMMA: I point out the record \$2.1 billion Police budget, extra resources, extra powers. That, together with the work of the front-line men and women of the Police Force, resulted in a reduction in nine of the 16 categories. We have extra police, we have 14,500 police.

Mr SPEAKER: Order! The honourable member for Wakehurst will come to order.

Mr MORRIS IEMMA: There were just over 12,500 police when the Coalition left office. We have a Police budget of \$2.1 billion, with nine of the 16 categories of crime reducing. I just went through all that. The only threat to police, nurse and teacher numbers in this State comes from the Opposition.

WATER RECYCLING

Mr ALLAN SHEARAN: My question without notice is addressed to the Premier. What is the latest information on the Government's plans to increase water recycling in homes and for gardens?

Mr MORRIS IEMMA: In a dry country such as Australia, we cannot take our water resources for granted.

Mr Barry O'Farrell: What?

Mr MORRIS IEMMA: Was the Deputy Leader of the Opposition not listening?

Mr Barry O'Farrell: I cannot believe you said that.

Mr MORRIS IEMMA: We cannot take our water resources for granted. That is why we have developed a comprehensive plan to ensure Sydney's long-term water supply. The plan has several key elements. We are harvesting surplus water from the Shoalhaven—

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

Mr MORRIS IEMMA: We are accessing the deep water from Warragamba Dam, we have given desalination the big tick and we have embarked on a massive program of water recycling. In fact, since 1995 we have doubled the amount of water recycling from around 7.4 billion litres to 15 billion litres a year, including domestic recycling in new housing estates at Newington and Rouse Hill.

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

Mr MORRIS IEMMA: Rouse Hill is the biggest residential water recycling project in Australia, currently supplying 1.3 billion litres a year, rising to 2.7 billion litres a year when the project is complete. We are building on that proud record with water recycling projects worth \$345 million due to come on line between now and 2010—projects that will deliver another 15 billion litres of recycled water.

Mr SPEAKER: Order! The honourable member for South Coast will come to order.

Mr MORRIS IEMMA: That includes the biggest industrial recycling scheme at the Bluescope Steel plant in Port Kembla. I am referring to existing and planned recycling initiatives. Around 30 billion litres of wastewater are being recycled for non-drinking purposes in Sydney each and every year. That is 30 billion litres of drinkable water that we do not need to take from Warragamba—the equivalent of 20 days worth of Sydney's water usage being saved in Warragamba Dam instead of being flushed down the toilet or being lost down the gutter.

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

Mr MORRIS IEMMA: This morning I had the opportunity to witness the fantastic work being done at Rouse Hill. I inspected the Rouse Hill water recycling plant which currently supplies 15,300 homes in that area of Sydney.

Mr Michael Richardson: Point of order: The question asked for the latest news on water recycling in New South Wales. Mr Speaker, you well know that the Rouse Hill water recycling plant was built in 1994 by the former Government.

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

[Interruption]

Mr SPEAKER: Order! I remind the honourable member for Epping that he is already on two calls to order.

Mr MORRIS IEMMA: The plant currently supplies recycled water to 15,300 homes to be used for watering gardens, washing cars, flushing toilets and the like. Honourable members would be interested to hear that the Government is now set to roll out the third stage of the Rouse Hill water recycling scheme which will supply another 10,000 homes with recycled water—a \$185 million investment in sustainability. The average home in Rouse Hill will be able to cut water consumption by at least 35 per cent. The project at Rouse Hill also involves trialling a new ultraviolet light disinfection system, the first time a system of that nature has been trialled in this country. That technology, drawn from the United States of America, will not only cut the cost of recycling water but also ensure that the final product is safe and clean. The bottom line is that a massive water recycling scheme is under way at Rouse Hill and I am proud to participate in it.

YANGA STATION, BALRANALD

Mr ANDREW STONER: My question without notice is directed to the Premier and Treasurer.

Mr SPEAKER: Order! I call the honourable member for Blacktown to order for the second time. I call the honourable member for Bathurst to order. The Leader of The Nationals has the call.

Mr ANDREW STONER: Now that New South Wales is in budget crisis, how can the Premier justify a \$38 million splurge on Yanga Station near Balranald just to shore up Green preferences at the next election?

Mr MORRIS IEMMA: We are talking about 17,000 hectares of river red gum forest—a private property that the Government made a decision many months ago to purchase and, of course, it will.

Mr SPEAKER: Order! The Leader of The Nationals will come to order.

Mr MORRIS IEMMA: The property owners decided to sell the property and the Government has taken the opportunity to preserve 17,000 hectares of river red gum forest.

Mr SPEAKER: Order! I call the Minister for Roads to order.

Mr MORRIS IEMMA: As to the other part of the question, I do not think the Leader of The Nationals wants me to go through the appalling budget figures that were in existence when his party was last in government. In the seven years that the former Government was in office it had six budget deficits.

Mr Andrew Stoner: Point of order: The Premier offered to go through some figures. I want him to talk about the timber jobs and agricultural jobs that were lost in Balranald in May.

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

Mr MORRIS IEMMA: The balance sheets in New South Wales have never been stronger. If Opposition members ever managed to attain government they could explain why, at last count, their spendometer was \$16.8 billion. Opposition members say yes to every interest group that comes through their doors. At last count their spendometer had reached \$16.8 billion. They might want to explain how they are going to pay for \$16.8 billion worth of promises and still maintain the State's balance sheets. If we were ever unfortunate enough to have Opposition members sitting on the government benches we all know that they would send the State bankrupt.

WATER AND ENERGY SAVINGS FUND

Mr PAUL PEARCE: My question without notice is directed to the Minister for Utilities. Will the Minister update the House on the Government's Water and Energy Savings Fund?

Mr CARL SCULLY: In May the Government established a Water and Energy Savings Fund to require high water and energy users to prepare savings action plans. I am pleased to advise the House that the first round of both those funds is now open for applications. I thank my predecessor, the Hon. Frank Sartor, for his tremendous efforts in getting the two funds up and running. Well done, Frank.

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

Mr CARL SCULLY: The Water Savings Fund will provide incentives to business, local councils and communities to save recycled water in Sydney, the Blue Mountains and the Illawarra. The water savings fund will make available \$30 million per annum for four years, primarily on a competitive basis. The Energy Savings Fund will encourage energy savings, reduce greenhouse gas emissions from energy use, and address peak electricity demand across New South Wales. The fund will provide \$40 million per year for a period of five years, primarily on a competitive basis.

We want water and energy saving ideas from experts and non-experts alike and we will fund the best of those ideas. For example, we want businesses to develop schemes to recycle water within industrial areas. We want to see the installation of water-efficient appliances, or the development of a water reuse system in commercial laundries and kitchens. We encourage hospitals, TAFEs and other organisations to bid for internal water recycling and stormwater capture. We would like local councils to apply for funds to increase water recycling for outdoor irrigation, or to improve water management.

Energy saving initiatives could include providing incentives to architects and developers to improve the energy efficiency of new building design; companies applying to install cogeneration; councils to support the installation of more energy-efficient equipment in office space, leisure centres and sportsgrounds. Saving water and energy is one of the most effective ways to make the best use of our existing resources and help to protect the environment. Investing in new equipment that uses water and power more efficiently can be expensive and can take time to pay off.

However, the benefit is in the form of lower bills. That is why these savings funds are such a good idea. They provide new financial incentives for businesses, local government and other large consumers to implement practical water and energy-saving measures that might otherwise be deferred or rejected due to cost. We will support ideas that use water and energy more efficiently and cut waste. By 2009-10 the water savings fund is expected to save 30 billion litres of water per year, or about 5 per cent of Sydney's total water use.

Applications are now invited and encouraged for the first round of the Water and Energy Savings Fund. The Water Savings Fund will make funds available to areas of Sydney, the Blue Mountains and Illawarra that deliver water savings through efficiency, stimulate investment in innovative water-saving measures or increase public awareness of water-saving measures. Projects eligible for funding include measures that reduce the water used in equipment processes and measures that reduce the consumption of drinking-quality water by using alternate sources, such as stormwater or recycled water.

The Energy Savings Fund will support projects across New South Wales on a competitive basis. They are required to reduce greenhouse gas emissions from energy use and to reduce peak electricity. Activities that are eligible for funding include improving the efficiency of existing buildings, appliances and industrial processes; reducing the consumption of electricity; and other projects that reduce electricity consumption, such as cogeneration or fuel switching. Applications for the first round of funding close on 31 October this year and successful applicants will be announced in December.

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

WATER TITLES

Mr PETER DRAPER: My question is directed to the Minister for Local Government. Given the serious concerns expressed in my electorate regarding the financial implications flowing from the Government's decision to separate water titles from land, will the Minister please advise the House as to the impacts of this decision on local government, including Gunnedah Shire Council and its residents?

Mr KERRY HICKEY: I thank the honourable member for Tamworth for his question and his concerns about people in the bush.

Mr Michael Richardson: Point of order: That was supposed to be a question without notice. If the Minister is reading the answer, it was, by definition, a prepared question and not a question without notice.

Mr SPEAKER: Order! The honourable member for The Hills is wasting the time of the House. I place him on two calls to order.

Mr KERRY HICKEY: I thank the honourable member for Tamworth for his concerns about the impact on the bush—we would expect such a question to come from a member of The Nationals. It is good to see the Independents doing so well. I understand his concerns and advise that my department and the Valuer-General have been working with councils across the State, including Gunnedah shire.

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

Mr KERRY HICKEY: Approximately 40 shires have a water component in land valuations that provide the basis for council revenue from ordinary rates. Section 6A (3) of the Valuation of Land Act 1916 requires the Valuer-General to include the value of a water right in land valuations. Under clause 2 of schedule 8.29 to the Water Management Act the section will be repealed and land valuations in these shires may fall. In the absence of market information there is still some uncertainty about the extent of any likely falls. The Water Management Act has now been implemented in those areas of New South Wales where water-sharing plans have effect. As a consequence, land valuations will continue to include the value of any water entitlements until an alternative rating and valuation framework is in place.

I am fully aware of the issues for local government. My department released a discussion paper, "Future Options for Council Rating: Dealing with the Separation of Water from Land under the Water Management Act 2000", last December. This paper outlines additional rating flexibility mechanisms for councils. It also proposes options for councils when farms continue to use water to produce in a method more intensive than dry land farming. We would have expected such an initiative from The Nationals. I assure the honourable member for Tamworth that recent legislative changes will allow councils to maintain the status quo broadly in terms of rate revenue. However, until the revised valuations are issued, it is still too early to make any meaningful assessment of the situation that councils and farmers will face in regard to 2006-07 rates revenue. Guidance material will be developed and published by the Department of Local Government to avoid any unintended adverse consequences for councils' future rate revenues. The Government will monitor and review the rollout of these changes over the next three years. I thank the honourable member for Tamworth and assure him that I will keep him personally informed as this matter progresses. We would have expected a member of The Nationals to ask a question about this issue long ago.

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

TRAIN DRIVERS RECRUITMENT

Mrs KARYN PALUZZANO: My question is directed to the Minister for Transport. What is the latest information on the Government's recruitment of new train drivers to improve the reliability of rail services?

Mr JOHN WATKINS: This morning I was very pleased to welcome another 20 new train drivers to the CityRail network. That brings driver numbers to 1,322 and we are on track for achieving 1,350 drivers by the end of this year. As we all know, driver shortages impacted on train reliability in early 2004. That was partly due to the recommendations of the Waterfall inquiry.

Mr SPEAKER: Order! The honourable member for Wakehurst will come to order.

Mr JOHN WATKINS: The inquiry introduced strict new medical procedures that require drivers to undergo comprehensive health tests, such as psychological testing and heart health checks. This meant we lost some of our drivers and thus relied too much on overtime. We needed new drivers in the system, and we have been planning for that. This financial year we are spending \$2.6 million and we have reduced driver training time from 26 months to 19 months.

Since January 2004, 243 new extra train drivers have joined RailCorp and 300 drivers are in training. These drivers will be and are essential to improving reliability. We are in the eighth day of the operation of the

new timetable and I can report that on-time running last evening was 97 per cent. Pleasingly, a 97 per cent on-time running figure was also achieved this morning. The drivers who begin work this week will, with all existing drivers, play an essential role in delivering on-time running. As I have said before, one week, two weeks or one month of good on-time running is simply not sufficient. We will change commuters' ideas about reliability and the level of service they receive and draw them back to the rail system only when good on-time running becomes a reality, month in, month out. On behalf of all honourable members, I welcome the new 20 drivers to RailCorp.

FORMER PREMIER BOB CARR DUBAI AND LONDON VISIT

Mr ADRIAN PICCOLI: My question is directed to the Premier. Given that the former Premier admitted he knew when the House rose in June that his retirement was imminent, will Labor repay the \$50,000 cost of his extravagant July junket to Dubai and London, and use this money to pay the unpaid bills of the Greater Southern Area Health Service?

Mr MORRIS IEMMA: That is another juvenile performance that fools no-one.

Mr Andrew Stoner: It was a lap-of-honour junket and you should pay the money back.

Mr MORRIS IEMMA: No, the former Premier's Dubai visit was about desalination. The Leader of The Nationals knows that. That was a juvenile question that matched yesterday's juvenile performance.

NRMA PREFERRED REPAIRER NETWORK SCHEME

Mr TONY STEWART: My question is directed to the Minister for Fair Trading. What is the Government's response to concerns about motor vehicle repairers?

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

Ms DIANE BEAMER: I thank the honourable member for Bankstown for his question and highlight the work that he, the honourable member for Lane Cove, and you, Mr Speaker, have done in support of consumers and motor repairers. They were at the forefront of a recent march that highlighted this dispute.

Mr SPEAKER: The Chair is happy to acknowledge the Minister's commendation.

Ms DIANE BEAMER: The march culminated in a rally outside this House, where we heard industry claims of more than 1,000 jobs already, staff in smash repair businesses forced to take annual leave and claims of many more facing redundancy. But my greatest concern is for consumers of New South Wales. Claims of delays running into months, as damaged cars are shipped hundreds of kilometres, even interstate, because local repairers are refusing to sign up with NRMA Insurance. The New South Wales Motor Traders Association [MTA] and NRMA Insurance—and its parent company IAG—have been at loggerheads for nearly three months. Central to the dispute is NRMA's new "Care and Repair" car insurance policy, and its introduction of a web-based tendering system.

The MTA claims the NRMA's web-based repair management gives the insurance company too much power in directing work to chosen repairers and forces repairers to cut corners. But NRMA-IAG says the new arrangements will result in lower premiums. If consumers pay more in premiums they have the choice of repairer. The NRMA says their system will result in a more competitive smash repair industry, and has been approved by the Australian Competition and Consumer Commission [ACCC]. The ACCC approved IAG's scheme of offering consumers a choice of repairer for an extra premium. The ACCC's decision did not relate to other aspects of the preferred repairer scheme or the contracts between NRMA and the repairers.

Disputes between repairers and insurers raise issues about market power, which are regulated by the Commonwealth under the Trade Practices Act. But I want to assure consumers in New South Wales that they will get a fair deal from both NRMA Insurance and smash repairers. I have asked the Office of Fair Trading to have a close look at the NRMA-IAG policies and revised contracts. The Government is investigating the viability of anti-steering legislation. The honourable member for Bankstown spoke on that issue last night in this place. I have raised this dispute at the recent Ministerial Council on Consumer Affairs in Canberra. I gained assurances from the Commonwealth that a voluntary code that provides for independent dispute resolution mechanisms and up-front disclosure for consumers on choice of repairer will be developed in six months.

In talks with both the MTA and IAG I have always put the view that negotiation rather than legislation would achieve a better result in this dispute. To this end, I can inform the House that NRMA Insurance has agreed to return to the negotiating table. Talks will be held tomorrow between IAG, NRMA Insurance and the MTA at the most senior level. I have written to the ACCC seeking urgent advice on whether the insurer's contract is in any way in breach of the Trade Practices legislation. I understand that the ACCC is looking at concerns raised about the conduct in which the insurer introduced the contract to the marketplace. I believe the ACCC is also considering concerns about the behaviour of smash repairers in this matter.

I have asked the ACCC to share with us any information it may have resulting from investigation of the insurer and smash repairer issues. At the same time I will continue to investigate, at an individual level, any consumer complaints that may be raised over the conduct or performance of both NRMA Insurance and smash repairers. I will ensure that consumers in New South Wales are treated fairly and honestly, and what they get and pay for in their policies is what they deserve.

Questions without notice concluded.

CONSIDERATION OF URGENT MOTIONS

Telstra Privatisation

Mr PETER BLACK (Murray-Darling) [3.44 p.m.]: This matter is urgent, as was evidenced in a poll of more than 80 per cent of people in New South Wales. I suggest that figure is higher in country areas, and nationally. In western New South Wales nothing is more urgent than the future of Telstra, and the price of fuel. It is ironic that the Leader of the Opposition should seek to move an urgent motion to discuss the State budget and State finances. That issue is not urgent. For the benefit of the House I indicate that I am very pleased that the Leader of the Opposition is going to come to Broken Hill at the end of this month. His brother was born in Broken Hill, and I understand the Leader of the Opposition lived there from 1957 to 1959. I will welcome him to Broken Hill because some of it must have rubbed off on him.

When he comes back to Broken Hill I will demonstrate to him the feeling of the local community, both town and country, with respect to the sale of Telstra. We are today contemplating what will happen in Canberra later tonight, or possibly tomorrow, with respect to Telstra. We are contemplating the flip-flopping around of the New South Wales Nationals with their decision to sell out everybody in western New South Wales. In Griffith the honourable member for Murrumbidgee, in his own paper, the *Area News*, said the code division multiple access [CDMA] service was very impaired. People cannot see it being fixed with the sale of Telstra. This matter is urgent because the people in Griffith think CDMA stands for "country doesn't matter any more" simply because of the sell-out by The Nationals. It has been a total disgrace. I will say why this matter is urgent. We look at the sell-out by The Nationals members in the Federal Parliament and in New South Wales—

Mr Andrew Stoner: Point of order: The honourable member for Murray-Darling is talking about a sell-out of country people. He should explain why he is standing by and allowing Yanga station to be bought by this Government for Greens preferences.

Madam ACTING-SPEAKER (Ms Marie Andrews): Order! There is no point of order. The Leader of The Nationals will resume his seat.

Mr PETER BLACK: What a great distraction! The Leader of The Nationals has the hide to take a point of order. He has been with the honourable member for Myall Lakes at a 1½-day conference at Lismore where he tried to convince The Nationals in Queensland that they were wrong, and he failed.

Madam ACTING-SPEAKER (Ms Marie Andrews): Order! I call the Leader of The Nationals to order.

Mr PETER BLACK: He could not convince the Leader of The Nationals in Queensland. The people of Broken Hill and western New South Wales want to talk about Telstra.

Madam ACTING-SPEAKER (Ms Marie Andrews): Order! I call the Leader of The Nationals to order for the second time.

Mr PETER BLACK: That is what the people of Australia want to talk about. Everybody is talking about the big sell-out of Telstra that is going to occur either tonight or tomorrow in Canberra.

That is why this matter is urgent. When will The Nationals stand up on the issue of fuel prices? They talk about travelling in my electorate, but because of the price of diesel a person has to be fairly wealthy to be able to get around my electorate. The Nationals have helped generate that situation through the incompetency of their Federal counterparts. This matter is absolutely urgent to everyone I speak to in the bush. It is urgent because while we are waiting for the vote, off they go to Balranald. The Leader of the Opposition is concerned about the state of our budget, and Telstra wants \$12 million from the New South Wales Government—one-third of the cost—to build a couple of new towers in Balranald and to build towers in the rest of the irrigated areas. What a joke! This is what people want to talk about, and this is what they want to hear about. They want to hear about the sell-out by The Nationals.

State Finances

Mr PETER DEBNAM (Vaucluse—Leader of the Opposition) [3.49 p.m.]: After that emotional outpouring by the honourable member for Murray-Darling, I would like to address the real issues facing this State. At least the honourable member and I agree that the budget is in crisis. I applaud the honourable member for acknowledging that. The motion I would move is:

That this House condemns the Labor Government for its budget crisis, which is denying police, nurses and teachers critical funding.

That is the urgent issue. The honourable member for Murray-Darling should not be doing the bidding of the biggest Telstra shareholder, the honourable member for Bathurst. He should be talking about the real issue of concern to his community, that is, the budget crisis and the cut in police numbers.

Mr Peter Black: I had better take you to the local pub with some of my mates and they will tell you about Telstra.

Mr PETER DEBNAM: I do not think I am going to do a pub crawl with the honourable member for Murray-Darling! I am not going to do it. The point that I made earlier today is that there have been 22 armed and violent robberies in the past day, that is, about one an hour. That is the real issue of concern to our communities. Given the number of members in the House, I will run through where armed robberies have occurred: Lurnea, Redfern, Darlington, Parramatta, Paddington, Bondi Junction, Glebe, Alexandria, Maroubra, Peakhurst, Mulgrave, Lurnea, Canterbury, Guildford, Eastlakes, Mount Druitt, Hamilton, Lindfield, Bella Vista, Menai, Strathfield, Bidwill, Warwick Farm, Redfern, Pyrmont, Chippendale, Seven Hills, Quakers Hill, Gunnedah, Werrington, Annandale and Glenfield. That is what their communities want Government members to talk about. Why is there this wave of armed robberies across New South Wales, especially in Sydney? It is because the Government has cut back on police. There are only three things the Government can do to deal with the budget crisis. It can increase taxes, and we all know the Government will do that, because it has done it for 10 years; it can cut expenses—

Mr Alan Ashton: Point of order: The Leader of the Opposition well knows that he must not debate his motion, because he has not yet succeeded in convincing the House of its urgency. He should be debating why his motion is more urgent than that of the honourable member for Murray-Darling.

Madam ACTING-SPEAKER (Ms Marianne Saliba): Order! The Leader of the Opposition will present reasons why his motion should have priority.

Mr PETER DEBNAM: I am sure we would all agree this matter is urgent because next Saturday there is a by-election in Macquarie Fields, where the newsagency was robbed at 6 o'clock this morning. I think it very important that we focus on urgent issues relevant to the community. We might also focus on the fact that 24 officers were slashed from the Liverpool and Macquarie Fields local area commands. That fact is found on the Government's web site. My motion is urgent to the people on the streets of New South Wales, but especially Sydney, because armed robberies and crime on the streets is what they are talking about. They are also talking about the 553 police officers that Labor members on the benches now have seen cut from our Police Force since the election year.

Mr Steve Whan: There were only 180 in the bureau when the Coalition was in government, and there are now 17 or 18 more.

Mr PETER DEBNAM: One of the difficulties for the honourable member is that he wants to continually talk about last century. The rest of the world wants to talk about this century. In the past 10 years Labor has cut 553 police officers from the Police Force in New South Wales.

Mr Steve Whan: That is just not true.

Mr PETER DEBNAM: Have a look at your web site. That is on your web site: 553 police officers removed by your Government since the election year.

Mr Steve Whan: Point of order: The Leader of the Opposition must establish the urgency of his motion. Also, I draw attention to the fact that he just said that over the past 10 years Labor had cut police. That is absolutely untrue. It is an outright lie.

Madam ACTING-SPEAKER (Ms Marianne Saliba): Order! There is no point of order. The honourable member for Monaro will resume his seat.

[*Interruption*]

Madam ACTING-SPEAKER (Ms Marianne Saliba): Order! The honourable member for Monaro will resume his seat.

Mr PETER DEBNAM: It is amazing how uninformed the honourable member is. My understanding is that his local area command has lost a couple of police, but he has said absolutely nothing. His community is contacting us. He has not stood in this House and said a thing about the police that have been slashed from his area.

Mr Kerry Hickey: Point of order: I would like the Leader of the Opposition to return to addressing the issue of urgency, and not continue to debate the substance of his motion. The relevant question before the House is urgency, not police numbers and the impact of the budget in a number of electorates. The Leader of the Opposition should be addressing us on the real question before the House, and that is the matter of urgency.

Mr PETER DEBNAM: Are Government members going to vote for their communities or not? [*Time expired.*]

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

The House divided.

Ayes, 53

Ms Allan	Mr Gaudry	Ms Nori
Mr Amery	Mr Gibson	Mr Oakeshott
Ms Andrews	Mr Greene	Mr Orkopoulos
Mr Bartlett	Ms Hay	Mrs Paluzzano
Ms Beamer	Mr Hickey	Mr Pearce
Mr Black	Mr Hunter	Mrs Perry
Mr Brown	Mr Iemma	Ms Saliba
Ms Burney	Ms Judge	Mr Scully
Miss Burton	Ms Keneally	Mr Shearan
Mr Campbell	Mr Lynch	Mr Stewart
Mr Collier	Mr McBride	Mr Torbay
Mr Corrigan	Mr McLeay	Mr Tripodi
Mr Crittenden	Ms Meagher	Mr Watkins
Ms D'Amore	Ms Megarrity	Mr West
Mr Debus	Mr Mills	Mr Whan
Mr Draper	Ms Moore	<i>Tellers,</i>
Mrs Fardell	Mr Morris	Mr Ashton
Ms Gadiel	Mr Newell	Mr Martin

Noes, 29

Mr Aplin	Mr Humpherson	Mrs Skinner
Mr Barr	Mr Kerr	Mr Slack-Smith
Ms Berejiklian	Mr Merton	Mr Souris
Mr Cansdell	Mr O'Farrell	Mr Stoner
Mr Constance	Mr Page	Mr Tink
Mr Debnam	Mr Piccoli	Mr J. H. Turner
Mr Fraser	Mr Pringle	Mr R. W. Turner
Mrs Hancock	Mr Richardson	<i>Tellers,</i>
Mr Hazzard	Mr Roberts	Mr George
Mrs Hopwood	Ms Seaton	Mr Maguire

Pair

Mr Price

Ms Hodgkinson

Question resolved in the affirmative.**TELSTRA PRIVATISATION****Urgent Motion****Mr PETER BLACK** (Murray-Darling) [4.05 p.m.]: I move:

That this House:

- (1) notes the concerns of families in country New South Wales that the proposed sale of Telstra will lead to heavily diminished services; and
- (2) calls on the New South Wales Nationals and Liberals to join Labor in opposing the full sale of Telstra in the interests of families in rural and regional New South Wales.

The position of Country Labor has never been clearer, but on this debate it must be restated: Our opposition to the sale of Telstra is unequivocal. New South Wales Country Labor continues to see no sense in selling a public asset that is returning a profit of \$6 million per day or \$52.5 million a week in dividends to the Australian people. Our opposition to its sale is absolute when services to rural and regional New South Wales remain far below reasonable expectations. Country Labor in particular is suspicious of the \$1.5 billion that has been earmarked allegedly for the roll-out of broadband Internet. I suspect this sum will go the same way as most of the \$1.1 billion promised last year in drought relief—that is, straight back to the Federal Treasurer's coffers.

Country Labor recognises the overwhelming public opposition to the proposed sale in rural and regional New South Wales, including that of New South Wales Farmers. In particular we deplore the public attack on New South Wales Farmers by The Nationals junior Federal Minister, John Cobb. According to the *Barrier Daily Truth* of Saturday 27 August, John Cobb, former State President of New South Wales Farmers, has accused New South Wales Farmers of "attempting to create cheap popular politics in an attempt to prop up their membership."

The Nationals in New South Wales have lost a golden opportunity to support their traditional constituency. Abusing that constituency as per John Cobb is no substitute for support. John Cobb might well take a leaf out of the book of commonsense and pay more attention to his Nationals colleague Kay Hull, the Federal member for Riverina. She most certainly would not be so daft as to attack publicly New South Wales Farmers on this or any other matter. On Monday I was interviewed by Leo De Kroo on radio 2UD about petrol prices, which reached \$145.9 per litre for diesel in Dubbo last Friday. At the end of the interview Leo, as he normally does, put in a strange and wobbly one. He asked me what I thought about Barnaby Joyce and I responded by saying, "He is stealing all my lines."

I quote the words of a certain councillor wandering around in Dubbo who wants to stand as a member for the Liberal Party against our esteemed and very popular Independent member: "The Libs are the A team with all the power. The Nats are the B team." He calls himself Batman and The Nationals Robin. I look forward with some interest, as I presume would the honourable member for Dubbo, to what the Dubbo media do with that. I draw the attention of the House to the disgraceful performance of the honourable member for Murrumbidgee. In last week's *Area News* Mr O'Brien said:

I am angry, you pay for a phone that is supposed to cover superior coverage.

But we are barely getting service at all, it is really frustrating.

What an interesting situation. The honourable member for Murrumbidgee was supporting the proposition of flogging off Telstra before those services had been fixed and before deteriorating services could be addressed. This week's effort by the *Area News* includes the headline, "Rural safety package criticised" and quotes the honourable member for Murrumbidgee. I could suggest a caption for the photograph that would sum up the input of the honourable member for Murrumbidgee very well.

The Balranald deal has been referred to, and shortly I will discuss who promoted it. The proposition was that one-third of the cost of installing 100 additional towers in the area would be met by the Federal Government and one-third of the costs would be met from State funding. The installations would result in 80 per cent coverage throughout Australia. A large number of people attended a meeting held on 15 March this year. A record of the meeting has been sent to me by the Mayor of Balranald. It states:

Mr Bamber opened discussions advising of his proposal to install 100 towers total value \$36 million to provide 80% coverage within Australia generally fitting the irrigated areas. He advised that public/private partnerships have started in Queensland for this type of work and his proposal required \$12 million funding from the... State ...

That is brand-new news. In all the discussions that have taken place relating to Telstra, that was the first time we had been told that Telstra had been anticipating funding being provided by the State Government. In my view, those towers are the province of the Federal Government, not the New South Wales State Government. We have been told that broadband may be just around the corner for Balranald, but I assure honourable members in relation to the \$1.1 billion allocated for the roll-out of broadband Internet services that there is no substance to the suggestion. I salute the stand taken by Senator Barnaby Joyce in relation to the sale of Telstra because the fund for rural telephone services will suffer the same fate as the fund for the roll-out of broadband.

I will deal with the disgraceful Federal member for Parkes, John Cobb, who told people in the bush that \$1.1 billion had been allocated by the Federal Government for drought relief. When the Commonwealth Auditor-General conducted an examination of the books, he found that \$600 million of that amount had never been released. The Federal Treasurer, Peter Costello, kept control of those funds. Worse than that, of \$70 million that had been promised as assistance for drought-starved town communities, only \$1.1 million was delivered. What a disgraceful state of affairs! John Cobb cannot be trusted. However, before I turn to the John Cobb file, I will deal with the Barnaby Cobb file—or is his name Barnaby Rumbled?

Mr Milton Orkopoulos: Barnaby Turns Over?

Mr PETER BLACK: Indeed. The first observation I make is that on 4 August, Senator Barnaby Joyce stated that bush services are not negotiable and his position was restated on 24 August under the headline "Don't bet on my Telstra vote—Joyce". As time went on, matters became very interesting. A panel interview introduced by the ABC's Tony Eastley featured Alison Caldwell interviewing Wayne Swan about the sale of Telstra. During that interview, views were expressed about what Telstra was worth. In an ABC program on 10 September, the topic was Barnaby Joyce rethinking his Telstra vote. An article was published on 11 September in the *Sun-Herald* under the headline "Joyce fury over '\$2' Telstra bush fund". This week headlines have stated: "Cash on table— Joyce wants more time", "Telstra bill set to pass by week's end", "Joyce not sold on Telstra guarantee", "Joyce resists govt's Telstra pressure", "Telstra legislation reworked". What a joke! Senator Barnaby Joyce simply rolled over.

In conclusion, I must mention the latest Barnaby Joyce circular, which is "We ♥ Barnaby", "Register Your Interest|Register Your Support", "Barnaby For PM"—he is doing a Joh Bjelke-Petersen—and "God Bless Barnaby!!!". The circular provides a link and information on how to make contact to ensure that Barnaby Joyce is the next Prime Minister of Australia. Only the Queensland Nationals could come up with such a stunt.

Mr ADRIAN PICCOLI (Murrumbidgee) [4.15 p.m.]: I appreciate having the opportunity to speak on an issue of great importance to the whole of Australia, not only the people of rural New South Wales. First, I state for the record that the National Farmers Federation [NFF] issued a news release yesterday stating the federation's support for the sale of Telstra. The news release states:

The Government's proposed telecommunications package addresses the National Farmers' Federation (NFF) requirements for quality, affordable telecommunications services for farmers and rural communities now and into the future.

The news release goes on to state some of the commitments that have been given in respect of the sale of Telstra, and the third paragraph states that the NFF supports the passage of the current package of telecommunications bills through the Federal Parliament. The National Farmers Federation and the New South Wales Farmers Association have been very active campaigners throughout debate on the sale of Telstra.

Mr Steve Whan: What does the New South Wales Farmers Association say?

Mr ADRIAN PICCOLI: As the National Farmers Federation is the peak body and the national body for all the farming associations in Australia, I take the word of the National Farmers Federation. I have not seen a press release from the New South Wales Farmers Association, but the NFF carries a lot of weight in Australia, particularly in agricultural areas. Let me put this issue into perspective. The sale of Telstra is supported by the NFF. In the past the NFF was not in favour of the sale of Telstra, but now supports the legislation, so obviously the NFF thinks that the package is adequate. It is important to understand the historical context of the telecommunications debate. The honourable member for Murray-Darling referred to code division multiple access [CDMA], which was not available until the Coalition came to office federally. We have Tim Fischer to thank for that.

Mr Peter Black: It is still not working.

Mr ADRIAN PICCOLI: I agree that it is not working perfectly. I acknowledge that CDMA coverage is not available everywhere in Australia. We all know that there are places even in the heart of Sydney where mobile phone telecommunications do not work. However, if Paul Keating had won the election in 1996, there would have been no CDMA.

Mr Steve Whan: And there would have been no sale of Telstra!

Mr ADRIAN PICCOLI: The honourable member for Monaro should not be so sure of that. I will deal with that in more detail shortly. Paul Keating signed off on getting rid of analog phones. In 1996 there was a great deal of anger in the community, particularly in rural New South Wales, about the cessation of the analog service. Paul Keating had signed off and agreed to go to digital. He decided to move away from analog telephones and that caused problems in rural New South Wales because of the narrow coverage of digital technology. That year the Deputy Prime Minister, Tim Fischer, who was also the Federal Leader of the National Party, advocated on behalf of all the people living in rural New South Wales, including people represented by National Party members of Parliament and people represented by Labor, Liberal and Independent members. He realised that it was important to have better mobile service coverage than had been originally proposed as part of the digital service by the former Labor Government. The issue is this: Would Labor have sold Telstra? Let me examine privatisation under Labor. Examples include Qantas and the Commonwealth Serum Laboratories.

Mr Steve Whan: Can't you work out the difference between those services and something like Telstra?

Mr ADRIAN PICCOLI: Let me refer to Qantas in particular because it provided a service to many rural communities in New South Wales and to areas right throughout Australia. The Labor Party sold Qantas without any consideration of the impact of privatisation on country New South Wales or, indeed, the whole of Australia. No argument was put forward that there should be any package to support rural New South Wales. There was no guarantee that the airline would service particular regions. Qantas was just sold, and the Labor Party did not care what happened to services in country New South Wales once that happened. The other major privatisation undertaken by the Labor Party was the sale of the Commonwealth Bank. I do not know how many hundreds of branches the Commonwealth Bank had in rural Australia, but the Labor Party privatised that bank. Were there any ongoing obligations to maintain branches in places such as Darlington Point and hundreds of other places in rural Australia? There were absolutely none. I do not recall any discussion at that time about the impact privatisation would have on banking services in country Australia.

Mr Steve Whan: Where were you then?

Mr ADRIAN PICCOLI: I just do not recall hearing anything about it. Rural areas did not have much of a voice when Paul Keating and Bob Hawke were Prime Ministers. I do not recall any discussion about the impact of the sale. Whether one agrees with the Telstra sale or not, at least there has been a lot of public debate about it. What Barnaby Joyce has done has been fantastic. The package that he has helped negotiate for country Australia is fairly good.

[*Interruption*]

Members opposite are unhappy about it and about how it has happened. They should look at the record of the Labor Party, both Federal and State, on privatisation. The Labor Party has undertaken plenty of privatisation. The political party that claims it is all about maintaining government ownership of assets and businesses has done plenty of its own privatisation without any whimper in this Chamber from its members who represent country electorates. That includes the sale of FreightCorp, among many others, and there has never been a whimper in this Chamber about privatisation. When the Coalition Government in Canberra proposes privatisation, suddenly there is indignation about its impact. The Labor Party has nothing to say about privatisation. Referring to the history of telecommunications, in 1996 telecommunications services were awful. The analog digital services were primitive and provided little coverage. Country areas were given code division multiple access, and slowly but surely CDMA coverage was expanded.

Mr Richard Torbay: Point of order: Is the member aware that 82 per cent of his electorate voted against the full sale of Telstra?

Madam ACTING-SPEAKER (Ms Marianne Saliba): Order! There is no point of order.

Mr ADRIAN PICCOLI: CDMA coverage has increased substantially. I have a car kit for my phone, and I can drive throughout the whole 30,000 square kilometres of my electorate and get CDMA coverage. That is pretty good. Can it be better? Of course it can. Do we want it to be better? Of course we do. When it comes to broadband coverage, at a recent AgQuip function a bloke said to me that The Nationals should not sell Telstra because he could not get broadband where he lived, which is about 60 kilometres south of Gunnedah. A fellow from Telstra who was invited to have a yarn to that bloke explained that for a little over \$100 a satellite dish would provide broadband, and it would be subsidised by the Federal Government as part of its service obligations. That fellow was absolutely shocked to learn what services he could get. Telecommunications services can be better, of course. They can be improved, and we expect them to be improved as part of the package and as technologies change as required by legislation. However, we should all remember that when Telstra was fully publicly owned it was an absolutely hopeless joke.

Mr STEVE WHAN (Monaro) [4.24 p.m.]: Either this evening or tomorrow the Senate will vote on whether the remainder of Telstra will be sold. Today The Nationals have shown again that every time the Liberal Party tells them to roll over, they will roll over and lie silent while the people of rural New South Wales are worked over by the Liberals. Over and over again New South Wales residents tell us that they do not want Telstra to be sold. I remind the honourable member for Murrumbidgee of the New South Wales Farmers survey. He talked about the way that the National Farmers Federation has wimped out and decided to agree to the sale of Telstra, but he did not say what New South Wales Farmers said, because it represents New South Wales constituents and they know that Telstra should not be sold.

The New South Wales Farmers survey found that in the Federal electorate of Eden-Monaro, which encompasses my State electorate, 73 per cent of people do not want Telstra to be sold. In Farrer the figure is 82 per cent; in Riverina, 85 per cent; in Hume, 90 per cent; in Parkes, 88 per cent; and in Cowper, 91 per cent do not want Telstra to be sold. Right across rural New South Wales the people do not want Telstra to be sold. Yet those who once called themselves the representatives of rural New South Wales sit silent on the Opposition benches and say nothing. Of course, rural New South Wales is represented by Country Labor and Independents in seats that were formerly National Party strongholds.

The people of New South Wales do not want Telstra sold, and with good reason. Despite all the spin fed to the honourable member for Murrumbidgee by his mates in Canberra, Telstra's services are not up to scratch. In Monaro, which is not so far from urban Australia, along the old Cooma road just eight kilometres from the centre of Queanbeyan, a city of 36,000 people—that is eight kilometres from our old post office—there is no mobile phone coverage. About 20 minutes out of Canberra, where rural residential development now dominates, is Wamboin. Again, it has inadequate mobile phone coverage and no broadband access. Recently I spoke to a lady who lived along the dirt road between Cooma and Nimmitabel. She told me that for many days her landline had been out of order; Telstra had not fixed it. She is now used to driving her four-wheel-drive up to the top of the nearest hill to try to make a call on her mobile phone; it does not work anywhere else in the area.

Over and over again we hear that Telstra's services are not up to scratch. The Nationals have wimped out on this; they have sold out the people of New South Wales. The \$2 billion in the fund is nowhere near

enough. The fund will return a couple of hundred thousand dollars a year maximum to fund services. The Estens inquiry, a whitewash of Telstra's services, found that in future under a privatised Telstra the improvements in rural telecommunications would have to be funded by the Government. Originally The Nationals bid was \$7 billion, but they have wimped out and rolled over for just \$2 billion. They do not seem to care that Telstra's new American bosses have made it absolutely clear to the people New South Wales that they are intent on winding back any safeguards for rural telecommunications.

The three amigos, as they have been dubbed, have shown in their media comments that they believe that their job is simply to prop up share prices, not to provide services to rural New South Wales. I am sure that John Howard was upset with the three amigos, but I suspect it was more because they let the cat out of the bag before the Senate got around to voting on the sale. Today we have seen another unfortunate example of members of The Nationals rolling over. We have seen it over and over again. The Liberal leadership change is an example. Members of The Nationals are not relevant and do not get a vote; they just sit on the sidelines and wait to be told. Recently they issued a beautiful press release that was couched in the following terms, "The Nationals welcome [insert name here] Liberal leader." It was a lot of guff that was written for anybody who happened to take on the job.

Members of The Nationals are not in the Chamber today. I doubt whether they will turn up to vote on this motion. They will not stand up for the people of New South Wales in regard to the sale of Telstra. The Senate was once the States' House. Today this State Parliament has an opportunity to tell senators in New South Wales in no uncertain terms that their job is to stand up for what people in New South Wales want. They want decent telecommunications; they do not want a cop-out from the Coalition in New South Wales.

Mr MICHAEL RICHARDSON (The Hills) [4.29 p.m.]: The first part of the motion moved today by the honourable member for Murray-Darling asks the House to note the concerns of families in country New South Wales that the proposed sale of Telstra will lead to heavily diminished services. This Government is the last government that ought to be talking about heavily diminished services. We have only to look at its track record on trains, hospitals, policing and school maintenance to understand that the budget crisis it is facing is biting deep and hard. The Government supports the idea of privatisation and of selling government assets to pay for recurrent expenditure. The Government wanted to sell WSN Environmental Solutions to try to cover its budget shortfall. That is equivalent to selling one's house to go on a holiday.

Mr Steve Whan: Point of order: My point of order relates to relevance. This motion is to do with whether Coalition members will stand up for Telstra. If the honourable member wants to stray from the motion he might like to explain how the Opposition will maintain rural services by cutting 29,000 jobs in New South Wales.

Madam ACTING-SPEAKER (Ms Marianne Saliba): Order! There is no point of order.

Mr MICHAEL RICHARDSON: On the other hand the Howard Government is selling Telstra for the best possible reasons. It is not selling Telstra to fill some sort of budget black hole, which is precisely what the Hawke and Keating governments did when they were in office. The Government is selling Telstra because it believes that Telstra will provide a better service to the people of Australia as a listed public company that is fully privately owned. I listened to Government speakers talking about telecommunications problems in their electorates. We do not live in a perfect world. When I doorknocked in Kellyville, which is in my electorate, one of the issues that was brought to my attention was the lack of broadband facilities. I took those issues to my Federal member, Alan Cadman, and they were addressed. Every year I go to Bermagui on holiday. Six or seven years ago if I had wanted to use my mobile phone to ring Sydney I had to go up to the water tower above Narooma, stand on the hill and only then could I get reception. That is not the case now. Under the Howard Government's roll-out of mobile phone towers it is now possible for me to contact Sydney and to get perfect telephone reception on a digital phone from the flat in Narooma.

Mr Grant McBride: Point of order: What the honourable member for The Hills is saying is rubbish. I cannot get mobile phone reception on the Central Coast. I have a photograph of my nephew in Kathmandu making a call to Sydney on a mobile phone, but I cannot do that on the Central Coast. When he is riding his motorbike up the F3 to the Central Coast he has no mobile phone reception on the F3, from Hornsby all the way up to the Central Coast. The honourable member is saying that he can make a call on a mobile phone in other parts of the country.

Madam ACTING-SPEAKER (Ms Marie Andrews): Order! I thank the Minister for his contribution. The honourable member for The Hills may resume his speech.

Mr MICHAEL RICHARDSON: We live in a huge country, but we have only 20 million people. I am not quite sure what Government members are trying to say. Are they trying to suggest that we should get perfect mobile phone reception across every square metre of this vast country? Only a year or so ago the Government was legislating to enable the construction of mobile phone towers in national parks.

Mr Grant McBride: Point of order: Why construct mobile phone towers on the Central Coast when you do not have a mobile phone service or broadband?

Mr MICHAEL RICHARDSON: One of the reasons put forward was to provide additional safety for bushwalkers in the national park. That is one of the most spurious reasons I have ever heard for putting in a mobile phone tower. Bushwalkers cannot rely on using mobile phones to get them out of trouble.

Mr GERARD MARTIN (Bathurst) [4.34 p.m.]: I am not sure whether the honourable member for The Hills is for or against this motion. Opposition members showed disrespect for this Chamber by their selection of members to speak in debate on this vital issue. Where is the Leader of The Nationals? A few weeks ago at a conference in Inverell New South Wales Nationals supported the privatisation of Telstra but were rolled by their colleagues from Queensland. That is why the Leader of The Nationals is not in the Chamber this afternoon. Even if the idea to sell Telstra is a good one, it is the wrong time to do it. We are at the bottom of the market and we will be duded.

A few years ago John Howard was encouraging T2 investors—mums and dads—to invest in Telstra shares, which at that time were selling at about \$7.50. Since that listing 1.6 million small shareholders have suffered a 41 per cent loss, that is, a \$3,580 loss on the purchase of 2,000 shares. So much for John Howard's encouragement of Mr and Mrs Average Australian to invest! John Howard is now running scared because the American honchos who have been hired have told the truth in the marketplace. John Howard had the effrontery to accuse them of talking down the share price. He said that they should be talking up the share price. He either switched off or he is on another planet. Over the past few years people have been going to gaol for that.

What blatant hypocrisy we heard from Opposition members! Members of The Nationals have been neutered in relation to this issue. The only people who will stand up for people in country New South Wales are the Independents. They will overwhelmingly support what people in country New South Wales want. They want to hang on to Telstra. They want the Government to retain majority ownership of Telstra. A survey was conducted recently in Calare, the Federal electorate in my area. Of the 1,500 surveys that were returned, 95 per cent of people said, "We do not want Telstra to be fully privatised." Members of The Nationals must be either dumb or deaf. If they cannot hear that message they are not listening to the people.

The honourable member for The Hills, who is leaving the Chamber, should visit Lithgow. Five minutes out of the city of Lithgow no mobile phone coverage is available. Anyone travelling on the Abercrombie Road up towards Rylstone and Mudgee has no mobile phone coverage. I can give the honourable member a list of all the black spots in my electorate. Those who are living further out west are in a worse position. They need investment by Telstra. One does not have to travel too far to establish that there are black spots everywhere in my electorate. Barnaby Joyce, the greatest anticlimax in Australian politics, has backflipped and flopped all over the place in relation to this issue.

Members of The Nationals have told us that there is a \$2 billion nest egg and there is more to come. We are talking about a company that made a profit of almost \$5 billion in one year. Why not let it continue to do so? Everyone on the conservative side of politics has been disingenuous in relation to this issue. The privatisation of Telstra is like voluntary student unionism and industrial relations reform—blind ideology from the far right of the Liberal Party. The Nationals, who are even further to the right, are not prepared to stand up to the Liberals even though it has been amply demonstrated that two-thirds to 90 per cent of the people whom they purport to represent do not want the full sale of Telstra. Members of The Nationals should remember that.

The Leader of The Nationals is not in the Chamber this afternoon because he does not have the guts to stand up to the Liberals on this issue. The Nationals have been rolled by the Liberal Party and by the Queenslanders. Those opposite have become a non-event within The Nationals, let alone in New South Wales politics! But it is still not too late. The honourable member for Lismore—he is good on the telephone—should call Canberra to say that country New South Wales does not want the full privatisation of Telstra. The Nationals have sold out the people of country New South Wales. They are unprincipled hypocrites and they will be condemned politically as a result.

Mrs DAWN FARDELL (Dubbo) [4.39 p.m.], by leave: I am totally amazed that members of The Nationals who purport to represent the people of country New South Wales have no regard for their interests. The New South Wales Farmers Association—which is a great organisation—is doing now the work that The Nationals did in the past and should be doing still. The association has sought to gauge feeling in the electorate about the full privatisation of Telstra. It held a tin can rally in Dubbo that was chaired by then association's vice-president and now President, Jock Laurie, who is a very good man. The first thing he said at the rally was that it was an apolitical event and that organisation representatives were present not to give an opinion on the sale of Telstra but to listen to people's views, which it planned to collate in a report. That report was subsequently released and contained some interesting information.

For example, in the Federal electorate of Lyne—which also includes the electorate of the New South Wales Leader of The Nationals—some 85 per cent of people oppose the sale of Telstra. But is the landline reliable? No, some 21 per cent of people said it was not. The honourable member for The Hills might be interested to know that in the Federal electorate of Parkes and in my electorate of Dubbo landlines are strung between the boundary fences on farms. That is how great the service is! Of course, that would not be a problem in the electorate of the honourable member for The Hills—homes are built so close together in Kellyville that residents could probably share a single telephone.

What about mobile telephone reception in this great technological age? Only two places between Dubbo and Parkes on the busy Newell Highway—which links Victoria with Queensland through New South Wales and upon which B-doubles, cars and caravans travel every day—have code division multiple access [CDMA] reception. Luckily for motorists whose cars break down, another vehicle will arrive pretty quickly. The other day I was at Eumungerie Public School, some 45 minutes north of Dubbo, where there is no telephone reception. At Country Week celebrations, which I have attended for the past two years, I have spoken to many city people who want to relocate to rural and regional New South Wales. However, we cannot guarantee telecommunications services to those who operate small information technology businesses from their homes, for example, because we do not have the necessary technology in rural and regional areas. People who would like to move from Kellyville to a block of a couple of acres cannot do so because there is no telephone service.

I can use my CDMA telephone in the part of South Dubbo where I live but I have to go to the front footpath to use my digital telephone. That is another reason why we should not sell Telstra: current services are not adequate. The Federal Government is acting with arrogance regarding the full sale of Telstra; it is not listening to the people. Roger Fletcher is a highly respected businessman in Dubbo. He had the great idea that funds from the sale of Telstra could be used to improve the crossing through the Blue Mountains. Many people, including mayors and State and Federal members of Parliament, have identified that we must have a better crossing through the sandstone curtain and improved access to facilities and transport. That is one good thing that could come from the sale of Telstra. But did anyone listen to Mr Fletcher—a man who has more than 700 employees and who meets people from all levels of government and leaders from all over the world? No, his views were ignored. So where will the funds from the full sale of Telstra go? They will certainly not go to the community.

The honourable member for Murrumbidgee said that he had not seen any media releases from the New South Wales Farmers Association on this issue. I get releases from that organisation daily, particularly concerning Telstra. I have a media release dated 8 September in which Jock Laurie gives figures cited by other honourable members that demonstrate why we should not sell Telstra. The Federal member for New England, Tony Windsor—who, like me, keeps all sorts of information—issued a press release to the effect that on 2 October 2003 the celebrity Federal member of Parliament in our area, Mr Cobb, whom I do not hold in the highest regard, commented:

All National Party MPs maintain a very clear line on the privatisation of Telstra. No sale unless all 39 recommendations in the Estens report are met and honoured in full. Then and only then will we offer full support for the final sale of the remaining Government portion of the telco.

Even according to his logic, The Nationals and Mr Cobb have failed the test. He voted on that issue in August 2003—two months before he made that comment. The New South Wales Farmers Association has graded the performance of Senator Helen Coonan, the Federal Minister for Communications, Information Technology and the Arts, and given her the following report card: F for the delivery of quality, affordable communications; D for the delivery of amendments; D for the delivery of a legislated national service pricing policy; and C for the delivery of 39 telecommunications recommendations. So it goes. The Federal Government does not have a proper understanding of why it is selling Telstra, and it is certainly not listening to the concerns of rural Australia. It is a shame that New South Wales members of The Nationals are not in the Chamber this afternoon expressing the concerns highlighted by the New South Wales Farmers Association. [*Time expired.*]

Mr RICHARD TORBAY (Northern Tablelands) [4.45 p.m.], by leave: It is important that honourable members are given the opportunity to discuss this very important motion, and I congratulate the honourable member for Murray-Darling on moving it. It is disappointing that some honourable members who contributed to the debate have undervalued the importance of this issue in Australia, particularly in New South Wales and in regional and rural areas. I refer honourable members to the comments of the honourable member for The Hills—I have never heard anyone so out of touch with the Telstra debate. When he finally mentioned Telstra, he said, "We don't live in a perfect world". But he neglected to mention that we live in a democracy. What is the basic function of a democracy? It is to listen to the community and to what the majority of people say—and we are not talking about small majorities in the context of this debate.

The honourable member for Dubbo highlighted figures supplied by the New South Wales Farmers Association. Opposition to the full sale of Telstra is running at about 80 per cent at least. In the interesting electorate of Lyne—an area that boasts representation by both Federal and State Leaders of The Nationals—more than 80 per cent of electors oppose the full privatisation of Telstra. That is no revelation. Almost every poll conducted by news organisations, newspapers and others has found that between 80 per cent and 90 per cent of respondents oppose the further privatisation of Telstra. Why? It is because Telstra makes a very significant contribution in terms of profits to the majority owner, which hopefully reinvests them in infrastructure. Alas, we have since learned that that does not happen. But the financial issue is clear: Telstra should not be sold on financial grounds.

The second question is whether we should sell Telstra on the basis of the Federal Government's \$2 billion guarantee. Let us be clear about that. The information has been presented to me and I have discovered that the return on that fund would produce \$20 million less than is currently being spent on regional infrastructure. The Federal Government claims that that is the only way to guarantee future services. If we had had this debate 10 years ago would we have guaranteed services that had not been invented? That is the particularly ridiculous suggestion that The Nationals, in their ambivalence to roll over with the Liberals, have been supporting. Fourth, what is the greatest catchcry at the moment from the Federal Government? Security. What do we do with the most basic and fundamental service in respect of security? Probably let overseas interest take control of it. This sale fails every test, and the biggest failure is from The Nationals, who had the audacity to say in this House that the Federal Government is selling Telstra for the best possible reasons.

This is the same group of people, the Liberals and The Nationals—and the Leader of The Nationals did not enter this debate—who when debating the bill on the removal of the vendor duty said, "This disgraceful State Government should have listened to the people." I throw that straight back. The Nationals may say they are going to listen to the people in a democracy, to the 80 per cent mentioned, including those in the Leader's and the former Leader's seat, but the only people who can hold up their heads on this issue are the Independents who have fought. I pay credit to Tony Windsor and Peter Andrew and Bob Katter, and to members of the Australian Labor Party—a few of them are scattered about—who have said they are here to represent people, to take their view to the Parliament and to reinforce that view, as opposed to what the honourable member for The Hills and the honourable member for Murrumbidgee said, that is, take the Federal Government's view and shove it down the throats of country people, even if it is bad for them.

Mr PETER BLACK (Murray-Darling) [4.51 p.m.], in reply: I thank the honourable member for Murrumbidgee for his contribution to this debate. I was disappointed that the Leader of The Nationals, who has recently referred to me as "not a bad bloke"—I am a bit worried about that—and his deputy, the honourable member for Ballina, are not in this Chamber. The greatest contribution made by the honourable member for Murrumbidgee was his comment when approaching the microphone that Barnaby Joyce has more chance of becoming Prime Minister than Kim Beasley. If he believes that, I do not know what the war between The Nationals in New South Wales and in Queensland is all about. I thank the honourable member for Monaro for his comments on the figures, and the honourable member for The Hills, Michael Robinson. I do not know what to say. The whole thing was incomprehensible.

[*Interruption*]

Michael Richardson, is that his name? I know he is an overseas traveller. The honourable member for Bathurst spoke on the role of John Howard and share prices. The honourable member for Dubbo mentioned the role of New South Wales Farmers—I will come to Tony Windsor in a few moments—and there was that great speech on infrastructure and related matters by my very good friend, the honourable member for Northern Tablelands, a former mayor. When the honourable member for Dubbo spoke, my mind immediately went to an issue that we have in common—most regrettably, that is, the infamous John Cobb. What a disaster if we think

that 88 per cent of people do not agree with him: end of the page. He is a disaster and would be the last person that one would pick to preside over multicultural events such as naturalisations.

I will go through some of the Cobb file. He said the privatisation of Telstra is the road to better services. On 1 July 2003, in relation to the 39 recommendations of the estimates inquiry, a headline was "Cobb to keep tabs on Telstra". Cobb was a member of the task force to implement those 39 recommendations. On 8 July a headline was "Cobb encouraging debate on use of Telstra proceeds". On 27 August 2005, John Cobb made an extraordinary statement that the sale deal is as good as it gets. The trouble is that that statement was made before Barnaby Joyce wrung out the last dollars from John Howard. Another headline was "Cobb backs Telstra deal" while Barnaby Joyce was doing whatever. The honourable member for Dubbo referred to the headline in newspapers out west that John "Cobb lied over Telstra". He lied when he said in 2003 that Telstra would not be sold until all 39 recommendations of the estimates inquiry, in particular those relating to the bush, were implemented. He was a good friend of John Anderson and I do not know what happened to either of them. The fact is that only half the recommendations have been implemented to some degree and the others have not been addressed.

It is an extraordinary circumstance that we should be dealing with this. The honourable member for Dubbo mentioned the position of New South Wales Farmers on this matter. To be quite blunt, I have not always seen eye to eye with New South Wales Farmers but on this occasion Country Labor and New South Wales Farmers are as one. In an article Ian Causley said "Farmers told to stop 'nit picking' over Telstra service". Ian Causley claims that good, honest New South Wales farmers and members of New South Wales Farmers are nitpicking over the standard of services in the bush. It is simply an outrage, is not true and will not happen. We are looking down the tube at services decaying and more people being retrenched and not available to service the bush. Finally, I refer to a cartoon that shows Costello recommending "Let's sell Barnaby Joyce and keep Telstra". What a good idea. [*Time expired.*]

Question—That the motion be agreed to—put.

The House divided.

Ayes, 53

Ms Allan	Ms Gadiel	Mr Newell
Mr Amery	Mr Gaudry	Ms Nori
Ms Andrews	Mr Gibson	Mr Oakeshott
Mr Barr	Mr Greene	Mr Orkopoulos
Mr Bartlett	Ms Hay	Mrs Paluzzano
Ms Beamer	Mr Hickey	Mr Pearce
Mr Black	Mr Hunter	Mrs Perry
Mr Brown	Mr Iemma	Ms Saliba
Ms Burney	Ms Judge	Mr Shearan
Miss Burton	Ms Keneally	Mr Stewart
Mr Campbell	Mr Lynch	Mr Torbay
Mr Collier	Mr McBride	Mr Tripodi
Mr Corrigan	Mr McLeay	Mr Watkins
Mr Crittenden	Ms Meagher	Mr West
Ms D'Amore	Ms Megarrity	Mr Whan
Mr Debus	Mr Mills	<i>Tellers,</i>
Mr Draper	Ms Moore	Mr Ashton
Mrs Fardell	Mr Morris	Mr Martin

Noes, 28

Mr Aplin	Mr Kerr	Mr Slack-Smith
Ms Berejiklian	Mr Merton	Mr Souris
Mr Cansdell	Mr O'Farrell	Mr Stoner
Mr Constance	Mr Page	Mr Tink
Mr Debnam	Mr Piccoli	Mr J. H. Turner
Mr Fraser	Mr Pringle	Mr R. W. Turner
Mrs Hancock	Mr Richardson	<i>Tellers,</i>
Mr Hazzard	Mr Roberts	Mr George
Mrs Hopwood	Ms Seaton	Mr Maguire
Mr Humpherson	Mrs Skinner	

Pair

Mr Price

Ms Hodgkinson

Question resolved in the affirmative.**Motion agreed to.****KELSO HIGH SCHOOL FIRE****Matter of Public Importance**

Mr GERARD MARTIN (Bathurst) [5.07 p.m.]: I bring to the attention of the House a matter of public importance: the recent destruction of Kelso High School by fire. The fire started at about 8.20 p.m. last Friday 19 August. Fanned by strong westerly winds, the fire quickly raced through the school and, despite the presence of the local brigades within six minutes of the initial telephone report and the presence of a hundred firefighters, the building was burnt to the ground. The cause of the fire is not known. Originally, it was declared a crime scene, but no trace of accelerants has been found and at this stage the probable cause is an electrical fault.

I visited the fire scene early on the following Saturday morning and met with the principal of the high school, Paul Stirling, the western regional director of education, Carol McDiarmid, senior police and fire officers. In the meantime I had spoken to the Minister for Education and Training and also the Premier's Office, which offered full support to the school community. It was very depressing to stand there and look at the ruins and ashes of Kelso High School, which was built in 1978 to a quite bold design. Hundreds of community people were visiting the site. Many of them were openly crying. I talked to Helen Burgess, one of the administration staff. She was visibly upset, but the night before at least she had taken home the back-up disks for all the school records. It will stand the school in good stead that it did not lose a lot of those vital records.

From the start, the local media were very helpful. On the Saturday morning, while the school building was still smouldering, Radio 2BS started a telephone appeal, which raised \$55,000. The Western Advocate, the local Bathurst newspaper, gave the school community great support over the following week or so, as did 2CR Regional Radio. So everyone was kept up to date with what was happening. Some of the people from radio 2BS who were influential in getting the appeal going were Latika Burke, Phil Cole, the station manager, and Janeen Hosemans, as well as Councillor Bobby Bourke. They sparked a wonderful outpouring of public support.

Local councils have pitched in to help the school community. Orange City Council donated \$10,000, Bathurst Council donated \$5,000 plus a lot of help in kind and Lithgow City Council is negotiating to buy equipment for the school when it is given a list of the school's needs. In the last couple of days Paul Stirling, the school principal, told me that in the last day or so a cheque for \$15,000 arrived in the mail from Fairfield RSL, which is quite remarkable. Over the weekend Paul Stirling and his staff pulled out all stops to rehouse the students with minimal disruption to their school life, particularly those in year 12. Meetings were held over the weekend with teachers, students and parents to explain things and reassure them of the processes.

Other schools in the area, including Bathurst High School—whose principal, Jan Gerard, is very supportive—Kelso Public School, West Bathurst Public School, and private schools such as All Saints College and McKillop College, as well as the community from Charles Sturt University [CSU] and the management of Bathurst TAFE, offered their support. By early the next week arrangements had been made to house year 12 students at Bathurst TAFE; years 8, 10 and 11 students at the CSU campus; year 9 students at Kelso Public School; year 7 students at West Bathurst Public School; and the administration staff at Bathurst High School. It was a remarkable effort by Paul Stirling, Carol McDiarmid, the regional director, and Tina Slattery, Bathurst Schools District Director. Working with the asset management team they did a magnificent job to pull this together. The bureaucracy, which we often criticise, must be congratulated on the seamless way in which they responded under great pressure. Paul Stirling, school principal, was a real rock throughout the whole process.

Jones Bros Bus Company, a local bus company that serves both Bathurst and Lithgow, quickly rearranged its timetable to bus Kelso High School students to the appropriate location. This arrangement will continue until the first week of term four, when it is anticipated that demountable classrooms will be set up on the oval and ready to house students. This temporary school will have everything the students need to continue their education. On 29 August the Deputy Premier came to Bathurst, met with the school community, inspected the site and made a formal commitment on behalf of the Government to rebuild Kelso High School, a

commitment that was warmly welcomed by the community. It is as though the school community lost part of its soul when the school burned to the ground. Kelso is a fairly close-knit community in a specific suburban area of Bathurst. It was amazing to see the parents and citizens, the school and its staff rally to the cause.

The staff particularly went above and beyond the call of duty, giving up their time to attend meetings with students and parent bodies to put things in place as quickly as possible to ensure minimal disruption to the students' schooling, particularly those in year 12, who are only one month away from starting their Higher School Certificate examinations. Initially it seemed that the fire had destroyed the costumes and props of the Kelso High School rock eisteddfod group, which has been prominent in the statewide competition in recent years, three weeks away from the finals that were held in Sydney last week. Fortunately their elaborate costumes, which had been handmade by parents, were saved but their props were lost. Immediately the local community pitched in. Tableland Builders, which is run by the Barlow family, provided a factory and carpenters, and together with the teachers and other community members they completely rebuilt the props for the rock eisteddfod.

Those who took part in the rock eisteddfod were under great emotional pressure, but they lined up for the finals last Thursday at the Sydney Entertainment Centre to take out second place. It was a magnificent effort. I saw their performance at the regional finals and I can only say that the school that beat it, St Peters Catholic College Tuggerah, from the Central Coast, must have been pretty good. Those kids were determined to keep up the good name of Kelso High School and to make their mark in the rock eisteddfod. Not only did they come second in their category but they also won the community award, which was a great tribute to the students, the parents and everyone who helped with the preparation. The rock eisteddfod is a real community event which focuses on the kids, gives them self-esteem and develops their creative talents. St Peters Catholic College Tuggerah, the school that beat Kelso in the rock eisteddfod, donated its prize money to the school.

The teachers at Kelso High School lost all their teaching resources in the fire. One of the teachers has been at the school since it opened in 1978. Obviously they have been offered support from the department, but some of their resources cannot be replaced. The teachers have suffered a tremendous loss. Through the leadership of Paul Stirling, the school principal, and Carol McDiarmid, the regional director, the community has adopted the attitude of not feeling sorry for themselves. While the school was smouldering on the Saturday the community was hard at work planning how to raise it from the ashes and make it functional. For the first 10 or 12 days after the fire I would be surprised if Paul Stirling averaged more than three or four hours of sleep a night.

The whole community got behind the school. From time to time Orange and Bathurst councils have punch-ups—it is a bit like Sydney and Melbourne—but there is no questioning their commitment or the commitment of the councils at Oberon and Lithgow, and other local schools. People like Jan Gerard, the principal of Bathurst High School, and John Gerard made a contribution. Many of the schools held small fundraisers that raised a couple of hundred dollars, and Bathurst High School raised \$2,000. Those funds will go a long way to helping the school pick up the extras. The Government has accepted the responsibility of the \$18 million to \$25 million to rebuild the school, which is proceeding post haste. It is a remarkable example of human spirit. I congratulate all those associated with Kelso High School on getting on with job.

Pursuant to sessional orders business interrupted.

PRIVATE MEMBERS' STATEMENTS

SINGLETON FIREFIGHTING VEHICLE

Mr GEORGE SOURIS (Upper Hunter) [5.15 p.m.]: I support the Singleton firefighters, the Singleton Fire Brigade and the Singleton community in their concern about the decision that was conveyed to the firefighters, without consultation, to remove the second fire appliance from Singleton—a community of 22,000 people that has had a second support vehicle since 1980—to Kurri Kurri. Singleton forms part of the electorate of the honourable member for Cessnock, Minister Kerry Hickey. The Minister was approached, but declined to assist and told a group of firefighters on 9 September that he was unable to support them; he could not get involved in a stand between two towns. He would rather the New South Wales Fire Brigades and the New South Wales Fire Brigades Employees Union work it out. His response is an abrogation of a member's primary responsibility to support his community.

On 9 September when he made those remarks a third party was involved—the whole of the Singleton community, led very well by its Mayor, Fred Harvison, and the Singleton Shire Council, who have already fired off a letter to the Minister for Emergency Services, Tony Kelly. Earlier today in another place my colleague the Hon. Duncan Gay asked Minister Tony Kelly to guarantee that the second fire truck would not be taken from Singleton. I was flabbergasted when I heard the Minister for Emergency Services, Tony Kelly, say that the loss of the second fire truck in Singleton would result in no loss of fire protection for the community. All I can say is that the entire Singleton community must be wondering what he could possibly have meant and what possible justification there could be for drawing such an erroneous conclusion about the removal of the second fire truck. I believe that Labor is short-changing the Singleton community.

When the Singleton community heard the news in recent days, there was a very quick response. The fire brigade received more than 950 letters from schools, businesses and all types of organisations in the Singleton community. I have had the benefit of frequent communication through email and by telephone with the brigade commander in Singleton, Greg Butler, who is fighting this decision on behalf of his crew and the community. I assure the Minister for Local Government and honourable member for Cessnock, whose electorate includes Singleton, and the Minister for Emergency Services that if they take away the fire truck the Singleton community will respond in significant numbers. As far as I am concerned, the fire brigade building should be staked out and the fire station should be locked so that people such as the honourable member for Cessnock and the Minister for Emergency Services can be kept out of the township and community of Singleton. The honourable member for Cessnock should either support the Singleton community in its hour of need or never show his face there again.

I believe that the Australian Labor Party has already stopped representing Singleton because of the electoral boundaries that will apply at the 2007 election. That may have been the political reason the honourable member for Cessnock had in his mind when he rebuffed the local community and local firefighters and told them he was unwilling to be involved in their struggle. What kind of world is the honourable member for Cessnock trying to create—a dog-eat-dog world that pits town against town? He should accept responsibility. There is a very easy solution to this problem.

Mr Kerry Hickey: The gloves are off.

Mr GEORGE SOURIS: Shortly the Minister will have the opportunity to respond to what I am saying. No case has been made out that justifies the removal of the fire truck from Singleton other than that it is convenient and expedient to remove it to a nearby community and provide a second fire truck for Kurri Kurri. I do not know the cost of fire appliances, but in the context of a \$40 billion budget that the Premier boasted of today, the Government should be able to afford to buy one measly fire truck. The Government should purchase one and allocate it to Singleton, thereby reducing the apprehension and fear that exists in Singleton. Lately Singleton has coped a fair bit of hardship. Its second ambulance and rescue vehicle was under the threat of being removed but later was saved by community support. Land at the hospital had been earmarked for sale. Now the Government wants to take away Singleton's second fire appliance. It is no wonder the Minister for Local Government, who is also the honourable member for Cessnock, is on the nose. [*Time expired.*]

Mr KERRY HICKEY (Cessnock—Minister for Local Government) [5.20 p.m.]: What the honourable member for Upper Hunter has not said is that the fire engine, or tanker, that is being removed from Singleton is needed at Kurri Kurri. The honourable member for Upper Hunter said that I should be looking after my electorate, but I point out that both communities are in my electorate. The Kurri Kurri community has had over 700 call-outs, whereas the Singleton community has had over 200 call-outs.

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

Mr KERRY HICKEY: Removal of the fire truck is not something that the people of Kurri Kurri or the people of Singleton really want, and it is not something that the local member of Parliament wants. I would love to have a new tanker at Singleton and at Kurri Kurri, but a staffing issue is involved at Singleton, which the honourable member for Upper Hunter neglected to mention. The fire brigade cannot provide staff for both Singleton tankers. The honourable member for Upper Hunter neglected to mention that in his speech.

The honourable member for Upper Hunter failed to tell the whole story. This is yet another example of his telling half-truths. Quite frankly, the big issue is that the fire brigade believes that the fire truck would be better utilised at Kurri Kurri and would protect more people there than at Singleton because of the higher

incidence of call-outs at Kurri Kurri. The honourable member for Upper Hunter accuses me of not sticking up for the people of Singleton. I have already made representations to the Minister for Emergency Services to arrange the provision of a tanker for Singleton and a tanker for Kurri Kurri.

The fire truck referred to by the honourable member for Upper Hunter has not yet been transferred. The unions and the brigades are working on the problem to achieve an outcome that will benefit everyone involved. The process began in my office under my guidance. Another meeting has been set down for Friday 16 September to examine the issues closely to see whether they can be resolved. Quite frankly, the honourable member for Upper Hunter has been playing politics with an issue that he does not understand. He has not even asked me what the issues are. He is a very poor parliamentarian.

DEATH OF MR ROBERT STONE

Mr KEVIN GREENE (Georges River) [5.22 p.m.]: On Wednesday 3 August I attended the St John Bosco Catholic Church at Engadine for the funeral of well-known sporting administrator and former State of Origin and St George rugby league great, Robert Stone. I am sure that the church could hold over 1,000 worshippers, but like hundreds of others who attended the funeral, I am yet to see inside it. That indicates how many people came to pay their respects to a much-loved husband, father, teacher, coach, administrator and tough-as-they-come rugby league forward.

Eulogies were delivered by long-term friend Randall Barge, his premiership winning captain, Steve Edge, the St George Illawarra Dragons chairman, Warren Lockwood, and a teaching colleague, and there were touching tributes from his children. Together they outlined a magnificent rugby league career that included 281 games for his beloved St George—the third highest in the club's history—and representation in the first State of Origin game in 1980. I think Robert is the only player to have won premierships in all three grades for St George, including membership of Bath's Babes—the famous 1977 team that defeated Parramatta in the first replayed grand final. Mention was also made of his often-recalled try in the replayed match when he broke from the scrum to sprint away and score under the posts. Robert also played in St George's last premiership team in 1979.

A large number of Robert's team-mates and current St George players attended the funeral. I also saw many well-known rugby league identities who were representing many eras of the game and various National Rugby League clubs. Robert had been heavily involved with the New South Wales Primary Schools Sports Association [PSSA] rugby league, including coaching the State team. The PSSA was represented, and also in attendance to pay respect on behalf of the Kogarah Municipal Council were the mayor, Michael Platt, and the council's general manager, Gary Sawyer. They too were standing outside the church, as was the Federal member for Barton, Robert McClelland, and his wife, Michelle. It would be easier to list those who were not at Robert's funeral rather than those who were, such was the stature of Robert Stone in the community.

As well as outlining Robert's playing career beginning with his days at the Marist Brothers school at Kogarah, which was well represented at the funeral by students and teachers, and his extensive teaching career, speakers also noted his recent role as executive director of St George Rugby League, in particular his work as Bob the Builder when he oversaw the extensive renovations of Jubilee Oval and the return of his beloved Dragons to their spiritual home. Robert was passionate about everything related to St George, and that passion came out in his hands-on involvement in the redevelopment project. One of the features of that work is the Legends Walk outside the ground. It was opened in March last year two days after Robert's first operation to remove a brain tumour. He was released from hospital and went straight to the opening, which took place in the pouring rain—a demonstration not only of his passion for St George but also of his enormous courage and strength. These characteristics, of course, would be demonstrated on many occasions throughout the ensuing 16 months.

The last time I spoke with Robert was at the West Tigers game, when he arrived in a wheelchair. By that stage he was really battling, but still refused to concede. His wife, Anne, and his children, Melissa, Belinda and Michael, were with him, looking after his every need and clearly demonstrating their obvious love and affection for their respected husband and father. This was also obvious at the funeral service: while Robert was well-known to the rugby league world as a tough and uncompromising rugby league forward, more importantly he was a loving husband and a generous father. The respect he earned on the football field from his peers was nothing compared to the love he received from his family.

While mentioning the commitment of Robert's family throughout his illness, I should also comment on the support given to him by the St George Illawarra Dragons. I went to my first St George game in 1966 when

St George defeated Manly at Jubilee Oval. Like many others, from that time I have red and white eyes. However, at the West Tigers game and at the funeral service, as well as at the Parramatta game, I had never been prouder to say that I was a St George man. At the West Tigers game all the officials I was with were thinking of Robert and looking after him. At the funeral service it was obvious that the St George family had lost one of its own. I know that throughout Robert's illness the club was very supportive of both Robert and Anne, particularly in the last months. At the Parramatta game during the half-time break the club showed a tribute video to the crowd which must have played for over five minutes. The crowd stood in silent homage—a fitting tribute to a departed hero.

Sport can be seen as many things. One thing that Robert Stone's passing reinforced in my mind is that true sporting teams are like family. Robert spent a lot of his time as an administrator, making sure that former players were still a part of the club and the St George family. The family lost a great man with Robert's death at the young age of only 49. To Anne, Melissa, Belinda and Michael, we share your loss and thank you for sharing your husband and father with not only the rugby league world but most importantly with the broader St George community. Robert Stone was a great administrator of the game, he was a great rugby league player, and also devoted his life to looking after the needs of many young people. He will be sadly missed. Again I say to Anne, Melissa, Belinda and Michael, we share your loss and thank you for letting us be part of your husband's and father's life.

DEPARTMENT OF PRIMARY INDUSTRIES AND MR NEIL LAWRENCE

Mr ANDREW STONER (Oxley—Leader of The Nationals) [5.27 p.m.]: I advise the House of a matter concerning my constituent Mr Neil Lawrence, a respected cattle producer in the Macleay Valley, near Kempsey. Last year Mr Lawrence took a number of cattle to the saleyards at Wauchope. Some cattle had lost their tail tags, which is quite understandable as they are quite easily dislodged. I add that that situation would not arise today because the new National Livestock Identification Scheme requires cattle to have ear tags, which are not easily dislodged and which must be scanned at the saleyards. However, that situation was certainly possible last year.

Mr Thomas George: It is possible: it happens.

Mr ANDREW STONER: It does happen: it is quite commonplace. At the saleyards I have personally observed dislodged tail tags. They can be seen in the dirt and the mud. The loss of tail tags was not an unusual incident in itself, but what was extraordinary was the heavy-handed response of the authorities. The then Department of Agriculture, now the Department of Primary Industries, prosecuted Mr Lawrence rather than issuing him with a warning or a caution. Consequently Mr Lawrence was heavily fined and his name was dragged through the mud by the publicity associated with his court case. Clearly the Labor Government was looking for a scapegoat in relation to tail tags and seized on Mr Lawrence for that purpose. Hence Mr Lawrence has a very strong sense of injustice in relation to his prosecution.

That sense of injustice was heightened by Mr Lawrence's observation of numerous cases of precisely the same offence as that for which he was prosecuted. However, no action was taken in relation to those offences despite the relevant authorities having been made aware of those instances. Throughout Mr Lawrence's ordeal I have made numerous representations, including to the Minister for Primary Industries. The Government's response has been appalling. It has ignored pleas for fair treatment and ignored evidence of similar offences. It is no wonder Mr Lawrence feels that there has been unequal treatment and that the authorities have used him as a scapegoat.

With the trials and tribulations that people on the land have had to endure over recent years, particularly through the drought which affected the Macleay Valley, that prosecution has added insult to injury to Mr Lawrence, a cattle producer who is respected right across the mid North Coast. I call upon the Minister for Primary Industries to arrange a thorough investigation of this matter. I ask the Minister to furnish a satisfactory explanation as to why Mr Lawrence has been hammered by authorities while others who have done the same thing have not been pursued. The Minister should also apologise for the Labor Government's heavy-handed and unfair treatment of Mr Lawrence, a treatment that has taken a great toll on him and his family.

I add, for the information of the House, that this family has already suffered a terrible loss with the tragic murder of Mr Lawrence's brother, known as Trumby Lawrence, some years ago in the Kempsey area by drug dealers. Mr Mick Lawrence, Neil's father, is still waiting for the outcome of a police investigation into those matters. To date no-one has been prosecuted for the murder of Neil Lawrence's brother. I ask the Minister

for Community Services, who is at the table, to draw to the attention of the Minister for Primary Industries, the Hon. Ian Macdonald, the substance of my private member's statement. It must never be forgotten that justice should not only be done, it must be seen to be done.

WORLD WAR II VETERANS PRIVACY

Mr ALAN ASHTON (East Hills) [5.32 p.m.]: Something that really concerns me is the presentation by the Australian Government of sixtieth anniversary medallions to eligible service men and women who participated in the Second World War. Along with the honourable member for Georges River, I have attended special presentations by the Federal Member for Banks. We have enjoyed attending those functions and presenting medallions and certificates. Members of this Chamber would be aware that the State Government has decided to award certificates to World War II participants in recognition of their service, including to the relatives of deceased participants. As we endeavoured to find out information to complete the process of awarding certificates to the veterans and their surviving relatives several people raised concerns. My Federal colleague Daryl Melham, the member for Banks, received a letter from Mr Ian Kelly, Branch Head, Commemorations, Department of Veterans' Affairs. I will read part of that letter, which I believe is of concern to every member of this Parliament. The letter states:

Dear Mr Melham

As you are aware, this year the Australian Government enlisted the support of all State Governments in commemorating the 60th anniversary of the end of World War II.

The Minister for Veterans' Affairs, the Hon De-Anne Kelly MP, has asked me to write to you to advise about an initiative of the New South Wales Government to commemorate and celebrate the 60th anniversary by issuing special certificates of appreciation to World War II participants.

No problem so far. The State Government has been asked to be active, and is doing so. But this is the rub, as the letter continues:

It is possible that you may be approached by your State counterparts seeking information about World War II veterans, widows and widowers in your electorate. Some of these people may have been known to you through this Department's list of eligible recipients for the 2005 Commemorative Medallion.

Where else would we get that information? The letter continues:

Your attention is drawn to the requirements of the *Privacy Act 1988* concerning the disclosure of personal information. In order to comply with the Privacy Principles it is essential that the information provided by DVA is used only for the purpose of medallion distribution and not passed to another party.

I am concerned about the absolute hypocrisy in regard to this issue. The Federal Government is in possession of information, through its Department of Veterans' Affairs, and has been involved with the State Government in recognising and awarding the medallions. Yet if I, as a State member of Parliament, want the Federal member to provide me with names of some veterans that cannot be done. We are told that under the Privacy Act that information cannot be provided. I ask the Federal Government: If that information is available to Federal members, why is it not available to State members? I make this point again—

Mr Thomas George: Ask your own departments to give you that information.

Mr ALAN ASHTON: I understand the interjection by the honourable member for Lismore, who would be embarrassed about this, but this is not about people's privacy. The veterans would be proud to be known as recipients of State awards; they have been known as recipients of Federal awards. But the information cannot be provided to the State Government to allow that to happen. For the information of the honourable member for Lismore I will quote again the first part of the letter, which states:

As you are aware, this year the Australian Government enlisted the support of State Governments in commemorating the 60th anniversary of the end of World War II.

Mr Thomas George: Not the names.

Mr ALAN ASHTON: The names are not secret, Thomas. My father fought in the war and he should be entitled to a medallion. Why should I not be able to access his information? But I cannot. The Federal Government has decided that it owns the names of those people, that those who fought for Australia were not from Victoria, or New South Wales, or Western Australia; they fought for Australia, and therefore that

information cannot be passed on to the States. We can access web sites and obtain these names indirectly. The point I am making is that the Federal Government has embraced centralism to such an extent that we cannot access names to present people with certificates, but it can access names to present them with medallions. That is the lowest form of wedge and gutter politics I have seen for a long while. I call on the Minister for Veterans' Affairs, the infamous De-Anne Kelly, to change her mind on this issue and to make those names available.

SOUTH COAST RACECOURSE INUNDATION

Mrs SHELLEY HANCOCK (South Coast) [5.37 p.m.]: This evening I raise a matter that reveals the inadequacy and incompetence of a number of Labor Ministers whose recent inaction and reluctance to address a serious situation on the South Coast will haunt them for some time unless they begin to act responsibly as Ministers should. The situation involves the Murray families of Conjola on the South Coast. Bede Murray is a nationally renowned racehorse trainer who has come from humble beginnings to achieve outstanding results over the past 30 years on his South Coast property at Conjola. The racetrack is situated on the eastern side of the Princes Highway and the business currently employs more than 30 people. Bede's brother, Ken, farms the property on the western side of the Princes Highway.

Successive generations of the Murray families have farmed the property for 150 years. About 10 years ago road works were carried out on the Princes Highway between Gooloo and Bunnair creeks. The highway was reconstructed and raised and when the works were completed the Roads and Traffic Authority [RTA] closed an existing drain that runs parallel to the road. The Murrays did not notice the effects at the time and drought conditions over the past few years meant that the problems were not evident. However, some 12 months ago the families began to notice that when more than 25 millimetres of rain fell Bunnair Creek simply drained straight onto the racecourse paddock creating swampy areas. The racetrack, which is used for fast track work by Bede Murray, became usable only for about one month in twelve due to inundation and because the RTA had blocked the drain. If the situation continues round bale silage cut from the property will be reduced from 300 bales to 50 bales.

In May this year the Murray families approached the RTA and met on site to discuss the problems of inundation and its impact on the farming and racehorse training businesses of the property owners. The RTA agreed that there were problems and quotations were sought by the Murrays, with the agreement and consent of the RTA, for the drain to be unblocked. After 10 years rocks and boulders were removed from the drain, as well as wattle and weed growth and, presto, the problems were rectified. Everything seemed to be on track again to enable the Murray families to farm their property as they have been doing for 150 years, and for Bede Murray to continue fast track work on his racetrack, which has been in use for 30 years.

The departments of planning, infrastructure and natural resources apparently all deny that they have any responsibility for this problem. Since the fracturing of this super department it seems that nobody knows what they are doing or should be doing, but somebody from one of those departments decided that the actions of the RTA, a department within the same Government, were inappropriate. After weeks of attempts by members of the Murray families to convince the Government that its actions would drastically affect their businesses, government representatives issued instructions, without any explanation to the Murray families, for the drain to be re-blocked. In fact the Murrays were told that the area would have been swampland thousands of years ago and it should be returned to that natural state.

This situation is outrageous and farcical. Upon hearing the dilemma being faced by the families and after discussing it with them, I immediately wrote to all relevant Ministers, including the Minister for Gaming and Racing, who has a part to play in this, describing the problem and requesting their urgent intervention. One would have thought there might have been a response, considering the vast media coverage of the event, but to date there has been nothing but deafening silence. Meanwhile the property owners are left to ponder the inefficiencies of the Government in relation to their businesses. Their multimillion-dollar businesses have been, and will continue to be, impacted on seriously.

Comments I have received from constituents who do not necessarily have anything to do with this issue as it relates to the Murray families overwhelmingly convey the view that the Government's environmental agenda in this matter, and in many others, has simply gone too far and that the frog-breeding potential of a drain should not take precedence over people—people such as the Murray families who have lived and worked on the South Coast and conducted legitimate businesses in that area for a long time. I again call on all relevant Ministers and on the Premier to intercede urgently in this farcical situation and to allow these people to continue with their farming and working practices.

I remind honourable members that the Murray families have achieved a number of successes. This is not just a two-bit farming or racing enterprise. It has had the horses Hussar's Command, Scorpio, Universal Prince, Victory Vein and Half Hennessey, and it has had successes in the Villiers Stakes, the Doomben Cup, the Canterbury Guineas and the Australian Jockey Club's Australian Derby, to name only a few. I call on all those Ministers to read their mail and to take this issue seriously. I call on the Premier to intervene in this ridiculous and farcical situation.

BOEING AUSTRALIA EMPLOYEE CONTRACTS

Mr BRYCE GAUDRY (Newcastle—Parliamentary Secretary) [5.42 p.m.]: Tonight I draw to the attention of the House the plight of workers at Boeing at the Williamtown Air Force base who are charged with the responsibility of keeping our FA-18 fighter force in peak condition. I refer also to their ongoing dispute, which has now lasted more than 100 days. Boeing has locked the workers out after refusing to accept the collective bargaining agreement of the Australian Workers Union [AWU] to improve and sustain their working conditions and entitlements. They are being forced to continue to work on contracts that are determined and enforced by Boeing, a multinational company that I am sure anyone would agree has total bargaining power.

This massive multinational corporation has annual revenue of over \$52 billion and employs more than 159,000 people throughout 67 countries. One would not expect Boeing to say to its workers, "You have equal rights with us across the table in an individual bargaining situation." Many Boeing workers came from the armed forces and had the protection of good wages and conditions in the Air Force and retirement groups such as the RSL ensured that their conditions and entitlements were maintained. Those workers have sought the assistance of the AWU. For philosophical reasons—something that has been admitted by Boeing—it has refused to negotiate with the AWU and workers have been out for more than 100 days.

I am sure honourable members can imagine the financial and emotional stress and strain that has been placed on workers and their families. I congratulate them on their determination, commitment and adherence to the collective bargaining principles and to the rights of workers to have union coverage, which is what they are fighting for. This vanguard of workers is trying to sustain collective bargaining rights and union representation against the philosophical position of the Howard Government and Boeing's determination to adhere to those principles. Think back to other situations involving the Liberal Party. Take, for example, the involvement of the Treasurer in Mudginberri and the Dollar Sweets cases.

There was a commitment to individualism, to the supposed rights of individuals to push their own barrow, and to equal relationships between employer and employee. That is all very well if someone is in an advantageous position, but the majority of workers have only progressed under an industrial relations system that gives trade unions a clear right to work collectively with their members to improve working conditions and entitlements. That is all that the workers at Boeing are asking for. They have been well supported by the Trades Hall council, retired unionists, trade union members and members of the public, with both goods and finance. It is important to recognise that their campaign is the campaign for the majority of Australia's workers. These workers are telling Boeing and the Howard Government that this industrial relations approach is totally unsatisfactory. The right to collective bargaining must be supported and fought for. I congratulate Bill Shorten of the Australian Workers Union; Kevin Maher, the AWU local secretary; John Boyd and all AWU Northern members on their continued campaign for fairness.

DISABILITY PROGRAMS FUNDING

Ms GLADYS BEREJIKLIAN (Willoughby) [5.47 p.m.]: I raise the plight of a number of families in the Willoughby electorate who care for loved ones with a disability and who, due to the State Government's cutbacks to disability services, find themselves in a very difficult situation. In July last year the State Government made major cutbacks to the Adult Training, Learning and Support Program, known as the ATLAS Program, which was originally designed to assist families who wished to care for disabled loved ones in the home. It allowed for transport costs to be met so that disabled people were able to participate in appropriate day programs, providing structured activities and routine for the disabled persons but also valuable respite for their carers. This meant that many families were able to care for their disabled loved ones at home as opposed to having to consider full-time supported accommodation or alternative forms of care.

Following the State Government's decision in July 2004 to cut the funding allocation to the ATLAS Program funding per year dropped from about \$19,500 per consumer to only \$13,500. The program also underwent a name change from the ATLAS Program to the Community Participation Program. The impact of

these funding cuts has reverberated throughout the community since July last year and was brought home to me when I recently met in my electorate office local residents directly impacted by these funding cuts. A local Willoughby family explained to me that they received a letter dated 22 August this year from the General Manager of the Community Services Division of Sunnyfield advising them that their 29-year-old brother and son, who is severely intellectually disabled, would no longer benefit from the transport service provided by Sunnyfield to and from the day program. The letter stated:

In light of the recent changes to funding for the Community Participation program and the increase in cost of providing this service, unfortunately we are no longer able to offer you transport to and from the service. We are however able to maintain our transport costs to and from activities whilst you are at the program.

The letter continued:

The Department of Ageing, Disability and Home Care (DADHC), our funding body, does not fund us to provide this service and in all of our new Day Programs in the Nepean, Parramatta, St Peters and Lisarow areas this service is not provided by Sunnyfield.

The family explained that they had made the choice to keep their loved one in the family home and that the day program at Sunnyfield gives them much-needed respite given that their son and brother is not able to do anything on his own. They said that taking away transport to the day program would have severe consequences. They explained that due to their family member's severe disabilities they were unable to leave him unsupervised in a taxi or any other mode of transport. For them, this defeated the whole purpose of respite as it would take a number of hours to travel with their family member to and from the day program, offered in this case by Sunnyfield.

This cut in funding has added to the stress of many families in the Willoughby electorate and throughout New South Wales who are already doing it tough. Families who make the decision to care for their severely disabled loved ones within the family home should not have to face such severe funding cuts. It is a major blight on the State Government's record that the most vulnerable in our community are not given more support. Local families have told me that cuts to such services may force them to consider supported accommodation or alternative housing arrangements for their loved ones. It is unfortunate that, in addition to being given this news about the cut to the transport service at Sunnyfield, the Willoughby family I spoke to last week said that they were given very little notice to make alternative arrangements and the contact persons identified in the letter were on leave and, therefore, they had no-one to speak to.

When funding cuts to critical social areas such as disability services are made in a swift and uncaring manner it brings into question the credentials of the relevant Minister and the State Government as a whole. I strongly believe the families of the most vulnerable in our community, who through no fault of their own require much care and support, should not have to endure the additional stress of a reduction in existing services. I thank the constituents I have already met concerning this issue as they have opened my eyes to the plight of so many in our community for whom every day is a struggle. The Minister for Disability Services should do the right thing by these local families and families throughout New South Wales by reinstating funding to the ATLAS Program and reinstating services to the disabled in our community and to their families.

FUSION AUSTRALIA HORNSBY FACILITIES

Mrs JUDY HOPWOOD (Hornsby) [5.52 p.m.]: Fusion Australia is an international organisation that began its life working with at-risk young people in the Hornsby region in 1960. Today Fusion has centres in Canada, the West Indies, Greece and the United Kingdom, as well as across Australia. I know the work of Fusion well and speak regularly with Steven and Belinda Wade, who lead the Fusion groups in the Hornsby area. They are extremely committed young people and the Hornsby electorate is all the richer for their contribution. I thank them for their commitment to the many different facets of Fusion.

Unfortunately, Fusion's youth work in Hornsby is about to be severely impeded by construction of the fifth platform at Hornsby station. Jack's Island Youth Café, an old Railway Institute building in which Fusion conducts much of its youth work, will be demolished as part of this work. The existing structure cannot be moved as it contains asbestos. I call on the Minister for Transport to consider seriously, as part of the construction of the station's fifth platform, a place where Fusion can continue to do its valuable work. Such a building could be similar to that constructed for the Red Cross, which has a new custom-built facility where it can continue to sell its goods. I believe Fusion's vision will be greatly served if the Ministry of Transport, the Minister's office and the Transport Infrastructure Development Corporation were to provide a custom-built facility in which the organisation can continue its work. Fusion's mission statement says:

Fusion is a national movement of local Christians in fellowship building and restoring a future of hope for the whole community and next generation.

Fusion's initial youth work grew quickly to include families and community development. It has more than 200 full-time staff and thousands of part-time volunteers across Australia. Fusion's youth centre in Hornsby began its work in 1993 and it is crucial that it continue unimpeded. The addition of a commercial component such as a coffee shop could value add to the railway station complex. Fusion has assisted thousands of young people and currently serves about 150 local youth. The youth centre receives more than 2,000 visits from young people each year. The numbers fluctuate so that is probably a fairly conservative figure.

Jack's Island Youth Café has a thriving peer leadership program through which young people are mentored in leadership and regard themselves as part of the team. They play a vital role in maintaining the healthy culture of the café, where young people can come and feel safe and be treated with respect by each other and by the team. The team of youth workers comes from a broad cross-section of ages and stages—some of the best youth workers are grandparents. This means that young people and their families can form broad support networks. The café is staffed fully by trained volunteers from the local community and has a ratio of staff to young people of approximately 1:4. It does extremely valuable work.

I have visited Jack's Island Youth Café several times and I have always found it to be a happy place, where young people thrive with the assistance of specially trained volunteers, who provide a great service. These young people come from a wide cross-section of the community, including State and local private schools, so the café clearly meets needs across the board. Jack's Island Youth Café is currently supported by State Rail, which offers Fusion use of the property at heavily discounted rent. I believe it should continue this valuable assistance. Several ideas for venues have been canvassed, but a custom-built venue is obviously preferable to venues where higher rents may have to be paid. Those employed by Fusion are aware of the issues relating to young people and public space at Hornsby station and would love to work with State Rail to provide a more helpful and dynamic facility there.

NRMA PREFERRED REPAIRER NETWORK SCHEME

Mr DAVID BARR (Manly) [5.57 p.m.]: One of the attractions of the northern beaches is the extent to which small business provides opportunities for many people to live and work in the same area. One of the most important small businesses in my electorate and on the northern beaches is the smash repair business. There are more than 20 smash repairers in the Manly electorate, many of whom are based at Brookvale. The current web-based tendering scheme put in place by the NRMA is a serious threat to their livelihood and, indeed, their ongoing existence. Under web-based tendering estimates to repair damaged vehicles are prepared from digital images on the Internet and the cheapest quote gets the job. The Insurance Australia Group [IAG], which owns NRMA Insurance, is a large business that controls more than 50 per cent of the market. It is squeezing small business.

A few years ago a parallel situation occurred when MBF applied selective tendering which excluded some private hospitals from its approved network. Basically, the power of the insurance company was used to negotiate tight conditions on those supplying the services. That is similar to what is happening in the smash repair industry, with a powerful organisation or company using what amounts to standover tactics to put the squeeze on small businesses. The squeeze relates to the prices charged by smash repairers. In 1991 their hourly rate under the NRMA was \$27.50. In 1994 it was increased by \$1. In 1995 it was increased by 20¢, and with the recent rise panel beaters still only get \$30.90 per hour from the NRMA. This scheme is an attempt to squeeze them still further. It will drive many operators out of the business and there will ultimately be a consolidation of large outfits, with insurance companies perhaps having an interest in them, and a much more monopolistic situation.

It is extremely important that the consumer is offered choice. Under the scheme a consumer wanting choice will have to pay a higher premium. Under the contract crash repairers have to agree to use subcontractors, if they are needed, that are nominated by the insurance company. That raises the question whether that is unlawful under the Trade Practices Act because it may represent a restraint of trade. Under the scheme the NRMA has what are called unknowns. They are panel beaters it does not deal with. It has associate repairers, whom it does not deal with but they may fall back on, and it has preferred repairers. To date only 9 out of the 50 smash repairers on the northern beaches have signed up as preferred repairers. The others are holding out for good reason—their livelihoods and the very industry are at stake.

I will certainly do all I can to support them and to support any anti-steering legislation that may be introduced in this Chamber. According to discussions I have had with the Minister's adviser today, and from

what the Minister for Fair Trading said in the Chamber, renewed dialogue is under way between the Motor Traders Association and IAG. If something does not come out of that, this Chamber will need to consider this issue so that it can give support to small businesses that have been important to many local communities, including my community, for a long time. I pay tribute to Mr Klaas Kamminga from Narrabeen Smash Repairs, who has led the charge. I have told him I will do all I can to help his cause and the cause of his industry.

BELMONT GOLF CLUB LTD DEVELOPMENT

Mr PAUL CRITTENDEN (Wyang) [6.02 p.m.]: Members would be aware that yesterday I gave notice of a motion that this House views with grave concern attempts by Kalayla Pty Ltd, a subsidiary of the Terrace Tower group of companies, to stop any member of Belmont Golf Club Ltd from approaching their State member of Parliament in respect of its purported contract with Belmont Golf Club Limited. My solicitors, T. D. Kelly and Company, and I have been seeking to obtain access to this purported contract for over 12 months. We are very patient people: we certainly have dogged determination. After Mr Kelly wrote to Kalayla Pty Ltd and pointed out the ludicrous position that members of Belmont Golf Club were being asked to vote on varying the terms of a purported contract although they were not allowed to get independent legal advice on that contract we were advised by the solicitors for Terrace Tower Group, Landerer and Company, that in fact the contract would be made available to any member who requested it.

The only trouble was that when the confidentiality deed arrived I saw that it was even more draconian than I thought possible. From the recitals in the confidentiality deed it is clear that the Terrace Tower Group is seeking to restrict any use of the purported contractual material "for the purpose of the member considering whether to vote in favour of or against the above-mentioned resolution". I am advised this would prevent a Belmont Golf Club member making any use of the material in canvassing support from any other member. Clause 3.2 of the confidentiality deed purports to prevent the member referring to any part or parts of the documents in any statement to the Parliament of New South Wales. That is undoubtedly a contempt of the Parliament.

Should Belmont Golf Club members wish to get independent legal advice, they must ensure their solicitors also enter into a confidentiality deed. The question that obviously arises is: What has Terrace Tower got to hide in this contract? And why can it not agree to the contract being made available openly and transparently to club members? On 12 September I attended an information session provided by Terrace Tower at Belmont Golf Club. I attended from around 6.20 p.m. until 8.00 p.m. I was advised that if the term of the purported contract is not extended by members of Belmont Golf Club on 26 September 2005 the Belmont Golf Club is not liable for any costs or penalties incurred by Terrace Tower to that date. As well as stating this verbally, a sheet compiled by the Terrace Tower Group dealt with this issue. The penultimate question states:

Q: Can Kayayla claim any money from the club if the Members do not agree to any extension of time?

A: No, money only becomes owing to Kayayla when it exercises the option to acquire the residential land.

I was advised that Terrace Tower is precluded from exercising the option to acquire the residential land from the club until the land acquisitions are completed. It is important to note that if the term of the contract is extended on 26 September the club becomes liable for all costs incurred by Kayayla, both to date and in the future, in the negotiations and administration relating to the 27-hole proposal. Therefore, the safer course of action for the members of Belmont Golf Club is to not grant an extension of time, in which case the club will not be liable for any costs or penalties. In the course of the discussion on Monday night I was struck also by the fact that when it suited the Terrace Tower representative there was a lot of talk about co-operation between Terrace Tower and the Belmont Golf Club Board working together towards a common goal. But when a hard question was asked, such as whether independent valuations were undertaken before the \$17.5 million purchase price for the 8.6 hectares of residential land was agreed upon, the reply was, "Terrace Tower did a valuation and I presume Belmont Golf Club would have done its own valuation."

What we do know is that there was no independent financial analysis undertaken by Belmont Golf Club to judge whether this deal was fair. Another example that would be even more worrying to the previous board is that when asked whether Terrace Tower had investigated the requirements of section 41J of the Registered Clubs Act the Terrace Tower representative replied that Terrace Tower's expertise did not extend to the Registered Clubs Act, and that Terrace Tower relied on a warranty provided by the club that it was able to enter into the agreement. I would think that the previous board would advocate a "No" vote on 26 September, because, if a warranty was given, it was a very courageous move on the part of whoever it was in the club who gave it.

On the one hand we have "Let's work together, everyone's working as a team", but when it comes down to commercial reality, it is still a case of Terrace Tower versus Belmont Golf Club. The reason this contract must be released for proper scrutiny without this onerous confidentiality deed is that, on its own reckoning in its glossy brochure, Terrace Tower has \$1.5 billion in assets and can afford to hire Queen's Counsel in Sydney at \$10,000 a day to argue its case before the Supreme Court. Belmont Golf Club has a substantial yet manageable debt, and the new general manager of the club seems to be doing a good job in containing costs and putting the club on a business footing. But Belmont Golf Club does not have the luxury of arguing the toss about some aspect of the purported contract if the term is extended on 26 September, because financial might rests with Terrace Tower. I also point out that the 27-hole proposal was based on acquisition of land to the south of the club and a land claim was lodged by Bahtabah Land Council over this land before the original purported contract was signed.

This means that a long-term Crown lease over the land to the south of the club is impossible. The land claim will be unsuccessful only if the Crown can demonstrate that the land is required for some essential State purpose, which would prevent the Crown subsequently selling or leasing the land to Terrace Tower or Belmont Golf Club. If the claim is successful, Terrace Tower and the club could seek to purchase the land from the Bahtabah Aboriginal Land Council, in the same way that Mirvac purchased the Magenta Shores site at North Entrance for \$42 million from the Darkinjung Aboriginal Land Council in 2002. The reality is that the 27-hole proposal must have been predicated on the Bahtabah Aboriginal Land Council being successful in its claim. But, in any event, a substantial amount of money must be paid for this land. [*Time expired.*]

TAMWORTH WOMEN'S REFUGE

Mr PETER DRAPER (Tamworth) [6.07 p.m.]: I am delighted that the Minister for Community Services, and Minister for Youth is at the table as I wish to question the Minister as to the future management options for the Tamworth Women's Refuge. I am seeking the Minister's support on a bid I am undertaking on behalf of concerned community members to have management of the refuge returned to community hands. The refuge has a long and proud history in Tamworth and until recently has held a continuous record of community service. I am deeply concerned that this vital regional service is being significantly threatened by what seems to be an aggressive move on behalf of a Sydney-based refuge management body known as New South Wales Women's Refuge Movement Working Party to secure long-term management options of refuges in New South Wales.

The working party is currently auspicing the Tamworth refuge through the Tamworth Women's Refuge Management Committee, which unceremoniously sacked the facility's six workers almost three weeks ago. The Tamworth refuge is one of nine in New South Wales that the Department of Community Services is funding the working party to auspice. Citing the need for a restructure due to "ongoing operating problems", the committee dismissed the staff, locked the doors and displaced two women and their children who at the time were fleeing from domestic violence. Not only was the decision to close ill advised, but the closure has placed the safety of women in crisis at considerable risk. The forced and immediate relocation of the women, who have three and four children respectively, was unexpected and caused considerable distress, as they were told the refuge was closing for renovations and they had to leave within 24 hours.

They were given the option of moving to a hostel in Tamworth or to another town. This was not suitable as their children were at school, or they had medical appointments or were employed in Tamworth. One of the women told me she was offered a motel. She declined as she would be placed in danger of her ex-partner. The women chose to go to the hostel, where their personal security remains an issue as it simply cannot provide the same level of security as is found at the refuge. The sacking of the workers saw the intervention of the Australian Services Union. After launching an unfair dismissal case against the committee and undertaking a very active public campaign, the committee yesterday agreed to reinstate the staff and reopen the doors. The exact date, however, is yet to be confirmed as there has been speculation on both sides that the time frame is estimated to be somewhere between two and four weeks.

Throughout the process I have been working closely with the Minister's senior staff and I am pleased that the parties are now working together towards a resolution. The key issue remains, however, that the community may not be given an opportunity to regain control of the refuge despite the committee promising it would relinquish management as far back as twelve months ago and being in place initially with a brief to hand back to community control as quickly as possible. That was three years ago. My primary concern remains with the future management of this and indeed other refuges in New South Wales. I am aware that the New South Wales Women's Refuge Movement has a business plan that aims to secure the long-term management of auspiced refuges in New South Wales and that it is seeking to become the preferred supplier of auspicing services for women and children's refuges across the State.

This move would result in a fundamental shift from community-based management of refuges to a centralised city-based model that would deny communities the opportunity to manage their local refuge. It seems the New South Wales Women's Refuge Movement is attempting to wrest control of refuges from community hands. In light of recent events in Tamworth, one has to seriously question whether the working party has the credentials or ability to take on this role. Since the closure I have been contacted by many community members who have expressed concern about the committee's ability to manage the service, including one of the original founders of the refuge, Mr Laurie Beattie, OAM. Mr Beattie and I share the common concern that the best interests of women and children appear to have been of secondary consideration throughout this dispute and that the community would be best served by a refuge managed by a local committee in touch with community expectations.

A Sydney-based organisation clearly does not understand the needs of our local community and is out of touch with community expectations. This would see the service provide the levels of delivery to women and children in crisis that our community expects. The committee has demonstrated poor judgment by expecting to close the refuge for six weeks on the assumption that that closure would be accepted by the community. That has not been so. There have been many vocal opponents of the current circumstance. I ask the Minister to look seriously at the agenda of the New South Wales Women's Refuge Movement and decide whether its intentions have in mind the best interests of refuges in New South Wales or indeed the best interests of their organisation. I look forward to her support in working towards returning the Tamworth Women's Refuge to community control.

Ms REBA MEAGHER (Cabramatta—Minister for Community Services, and Minister for Youth) [6.12 p.m.]: I thank the honourable member for Tamworth for raising this matter today to allow me to outline the Government's position. I am aware of reports that the Tamworth Women's Refuge is to be reopened as soon as practicable by the New South Wales Women's Refuge Movement Working Party. I understand that the working party and the Australian Services Union have reached tentative agreement about the reopening and reinstatement of the work force. Following the closure, I asked the Department of Community Services to work with the auspice body, the local community and other services to ensure continuity of services for women escaping domestic violence. This continues to be the Government's priority and I want to see interim services maintained until this matter is fully resolved. I have met with the honourable member for Tamworth today to discuss the issue and I appreciate the concerns of the local community.

I would remind members that the decision to close was not a Government decision. Rather, it was a decision of the working party, which is the non-government auspice body for the refuge. I have asked the Department of Community Services to work with the auspice body to ensure that the Tamworth refuge is responsive to local community concerns. When the working party first took over the auspice on a transitional basis in October 2002, it was understood that the refuge would return to local management. In view of this, I have indicated to the Department of Community Services that I would like local input into the management and operation of this service at an appropriate time. This would be subject to meeting the necessary service requirements. I thank the honourable member for Tamworth for raising this issue in the House today, and I reassure him that I share his concerns.

TERALBA FIRE STATION

Mr JEFF HUNTER (Lake Macquarie) [6.14 p.m.]: On Friday 29 April this year I had the great pleasure to represent the Minister for Emergency Services, the Hon. Tony Kelly, to officially open a new NSW Fire Brigades fire station in the suburb of Teralba, in the Lake Macquarie electorate. This brand new station, costing more than \$1 million, is part of the New South Wales Government's strong and detailed plans to ensure growing communities have the emergency infrastructure and personnel that they need. The station is part of the Government's \$30 billion infrastructure plan, which has included a \$97 million investment over the past 10 years to build and upgrade 50 fire stations around the State. Locally, in the Lake Macquarie electorate, people have seen the benefit of that program, with new fire stations at Toronto and Wangi Wangi, and now at Teralba.

On the day of the official opening I was very pleased to have in attendance the commissioner, Mr Mullins, the mayor of Lake Macquarie City, Councillor Greg Piper, many distinguished guests, and past members of the Teralba fire station crew. We had representatives from the Teralba Public School, with students performing for the assembled guests. There were many community members present, and of course the Teralba fire crew members, ably led by captain Stuart Walsham. It was a pleasure to be joined by those people to mark the official opening of the station.

The new fire station certainly is a good measure of just how far emergency services have progressed since the Teralba fire brigade was formed, back in November 1928. The brigade started out in a disused stable at

the back of a grocery store, and a month later moved into its first fire station, leased for the princely sum of £6 a year. Their first appliance was a hand hose reel. So things have certainly changed over the past 80 years. These days, the Teralba fire brigade has a modern, state-of-the-art fire station worth more than \$1 million and a world-class fire engine, ensuring they are equipped and ready to respond quickly and effectively to emergencies that could touch any one of us. Families, business operators, and tourists visiting the area can feel safe in the knowledge that they are in good hands and that their local fire crew is even better resourced now that they have a new fire station.

The 2002 Lake Macquarie bushfire remains vividly in the minds of many people on the western side of Lake Macquarie. It was the work of the New South Wales Fire Brigades crew, such as Teralba, together with their Rural Fire Service colleagues who helped save lives and homes in the area. It is a stark reminder of why we need emergency services and why they must be well resourced and well equipped. The investment in the new Teralba Fire Station is money very well spent. The new station has a double fire engine bay, a public reception area, a communications room, uniform storage areas, dining facilities, training areas, and wash and storage areas. The fire station accommodates 12 fire officers and one fire engine, and provides protection to the Teralba, Woodrising, Marmong Point and Booragul areas, as well as back-up response to the Toronto, Boolaroo, Cardiff and West Wallsend fire crews.

The Teralba crew respond to a range of emergencies, and the fire officers play a vital role in helping to save lives and properties in and around the Teralba area. In 2003-04 the Teralba fire crew responded to 267 emergencies, including all types of fires, car accidents and hazardous materials. I take this opportunity to congratulate, commend and thank all firefighters who have worked so hard over the many years of the Teralba fire station's history. They have placed their lives at risk to protect their local community. Certainly it is their bravery, commitment and goodwill that history will recall. In conclusion I wish to pay tribute to the retiring Chief Superintendent, Bob Lewthwaite, who retired after 40 years service with the New South Wales Fire Brigades. Over the years I have been a member of Parliament I was pleased to work closely with Bob, who is well regarded throughout the Hunter community. I wish him well in his retirement, and I thank him for the assistance he has given me and the firefighters in the Lake Macquarie area, and for the service and dedication he has given to the entire community of Lake Macquarie and the Hunter region.

Private members' statements noted.

[Mr Acting-Speaker (Mr Paul Lynch) left the chair at 6.19 p.m. The House resumed at 7.30 p.m.]

KELSO HIGH SCHOOL FIRE

Matter of Public Importance

Discussion resumed from an earlier hour.

Mr BRAD HAZZARD (Wakehurst) [7.31 p.m.]: In my capacity as shadow Minister for Education and Training I lead for the Liberal Party and The Nationals in this matter of public importance relating to Kelso High School. There is no doubt that the events of 19 August were extremely sad and very unfortunate for the students of the school as well as for the school community generally and the broader community. Earlier this evening the honourable member for Bathurst referred to some of the issues that have emerged from the events of that day. On behalf of the Liberal Party and The Nationals, and in a spirit of bipartisanship, I offer sincere thanks to teachers and parents of Kelso High School, and in particular to the principal of the school, Paul Sterling, for their amazing response to the crisis.

A fire involving a small part of the school is devastating, but a fire engulfing a whole school except for two sections is probably the most devastating event that a small community could endure, particularly the students of the school concerned. However, out of adversity the opportunity for great things to occur will arise, and the Kelso High School community has witnessed some very great things occurring. In my discussions with people involved in the school community I have become aware that students, parents and the teaching staff of Kelso High School have pulled together amazingly well to ensure that opportunities for students in education are not diminished. Earlier this evening the House was informed that the regional director and the principal, Paul Sterling, as well as other teaching staff came together over the weekend immediately following the fire to ensure that each student had a school to go to.

The Liberal Party and The Nationals extend their thanks to schools in the Kelso area who accepted students from Kelso High School. Those schools included West Bathurst High School, West Bathurst Public

School, All Saints College, MacKillop College, Charles Sturt University and others that have already been mentioned. The spirit that has been engendered as a result of this adversity has been quite uplifting. It is not just the school community that has been brought closer together but also the broader Bathurst community, which has gone to the nth degree in supporting students and young people from Kelso High School.

Support for the school included various donations. The honourable member for Bathurst has already mentioned that the Smithville RSL donated funds, and businesses in the area donated time and materials. A local building company, Tablelands Builders, provided timber framing for the sets that eventually became part of the school's wonderful presentation at the Rock Eisteddfod. The company also provided space to store some of the materials. Support came in many forms and went well beyond what has already been mentioned during this discussion. The very fact that some of the students were involved in the Rock Eisteddfod highlights the fact that wonderful things have come out of this complete disaster. I know that for many months teachers and parents worked with students to ensure that Kelso High School performed at the Rock Eisteddfod. The school's newsletter of June 2005 refers to fundraising events such as the raffle of a car by the school's parents and citizens association. The newsletter states:

A car raffle has been finalised and a total of \$2,329.60 has been raised. This money will be used by the P&C to support specific projects, such as the Rock Eisteddfod production.

We all know that great financial support was provided, but support went beyond that. It was unfortunate that the sets were destroyed, but at least the costumes were saved. They had been stored in one of the two sections of the school that survived the fire—the kitchen and two sewing rooms. All the materials for the costumes had been screened-printed by the parents, and I understand that they had various patterns screen-printed onto a gold background. Another very good example of the community working together to ensure that the school participated in the Rock Eisteddfod is that wigs were prepared by the mother of one of the students who is a technology and applied studies [TAS] teacher. All things considered, the momentum in the school to participate in the Rock Eisteddfod engendered great spirit, but sadly the school's participation suffered a setback as a result of the fire. Nevertheless, the Kelso High School students and the Kelso community came to the fore.

It is interesting to note that the motto of Kelso High School is Truth, Courtesy and Co-operation. Essentially, the conduct of the students and the school community evinced those elements. Truth was displayed by students who emerged from adversity while maintaining courtesy toward each other and the community, and co-operation was evident throughout the school and the broader community. Most of my discussion has been spent on reflecting upon the wondrous things that have emerged from a very sad event and on endorsing the remarks made by the honourable member for Bathurst. The Liberal Party and The Nationals support the tenet of noting that this is a matter of great public importance, and some wonderful things have come out of a very unfortunate situation.

An investigation into the cause of the fire is ongoing. As shadow Minister it is my responsibility to inform the House that it has come to the Opposition's attention that the school had been trying to get security fencing for two years prior to the fire—not because of previous fires but, rather, because of vandalism, which occurs all too frequently in schools across the State. It is extremely disturbing that the Government failed to respond to the school's request for security fencing. I recognise that the State Labor Government has responded well since the fire, and indeed will establish something like 50 portable buildings on the fields adjacent to the school grounds within a few weeks, certainly by the start of next term, which is a wonderful outcome for the students. However, it cannot be ignored that if security fencing had been put in place we would still have a Kelso High School.

The State Labor Government promised that it would put security fencing in a number of schools around the State. However, recently officers from the Department of Education and Training have admitted that the funds have simply dried up. The Opposition has been advised that it appears that the promised funds will not materialise. Last April the then Premier, the Hon. Bob Carr, issued a press release in which he said:

The Carr Government has committed \$20 million towards fencing 200 additional schools in the four years to 2007 including \$6 million on 43 school fences this year. Currently, 318 schools have fencing.

There are more than 2,000 schools in New South Wales. But if people such as Paul Sterling, the wonderful principal of Kelso High School, see the urgent need to ask for school fencing, the Government should ensure that it honours its promises. The Opposition calls for security fencing to be delivered to the schools in New South Wales that are at risk. Once again we congratulate the wonderful Kelso community on coming together in such a magnificent way. We also thank the Government and the community representatives for ensuring the establishment of portable buildings so students are able to continue their education. [*Time expired.*]

Discussion concluded.

DUTIES AMENDMENT (ABOLITION OF VENDOR DUTY) BILL**Second Reading****Debate resumed from an earlier hour.**

Mr BRAD HAZZARD (Wakehurst) [7.43 p.m.]: Vendor duty, or exit tax, was introduced by this Labor Government amidst great fanfare. It was a wonderful tax, according to State Labor. We had the spectacle of the Treasurer coming to this House. I well remember his words when he told us this was a big, bold Labor Government. "Big buffoon" would be more appropriate terminology, because what we ended up with was a tax that killed a real estate market that was already in deep trouble. New South Wales is the only State in Australia to have vendor duty. New South Wales Labor delivered a tax that was in no other State or Territory.

Vendor duty is a ridiculous tax. The Government said that it would target developers and the wealthy. It may have done that, but it did not specifically target those people; it targeted everybody. It targeted people who had owned property for 50 years; it targeted young people who were simply trying to get ahead by buying their first investment property; and it targeted people who could not afford to be targeted and people who should not be targeted. One of the ways in which young people in Australia get ahead is by buying their first investment property. These days, very often young people stay at home with their parents in order to ensure growth in the investment property they have purchased.

I well remember having a conversation about the exit tax with a couple of young fellows from the western suburbs who were doing some work at my home. Sitting in the driveway, the young fellows, who were about 25 years of age, told me that they could not believe that a Labor government could impose this extremely unfair tax. They told me that their parents had come from overseas, but they were born in Australia. They were living at home, had bought their investment properties, which were mortgaged to the hilt, and were hoping to gain on their investment properties so they could move on to lead independent lives, get married and set up their families. But they suddenly realised that this greedy, so-called Labor Government—a Labor Government that said it was for the people—was about to rip them off with an unfair, irrational tax that had no basis in reality.

Let us look at this tax. Labor likes to compare it to capital gains tax, but there is no comparison. Vendor duty is simply a tax, beyond a certain point, on the increased capital value of an investment property. Let us look at capital gains tax. If there is growth in the capital value of an investment property and the investor has expended money to achieve that growth, the sum expended comes off the amount on which the investor pays tax. But with vendor tax—the insane State Labor tax—regardless of the absolute value of the property, the investor must pay an exit tax, or vendor duty. A person who bought a property for \$200,000 and spent \$100,000 on improvements could not claim a deduction for the \$100,000 that had been spent. Greedy Bob, followed by all his Ministers, in total unison, including the current Premier—

Mr Daryl Maguire: And measly Michael.

Mr BRAD HAZZARD:—and measly and miserly Michael Egan, put their grubby little mits on the entire value of the property and grabbed the additional tax on the entire \$300,000. The investor may not have made any profit at all, given that he spent \$100,000 on improvements. The investor could have paid interest on the \$100,000 he borrowed. Yet New South Wales Labor, in 2004 and in 2005, simply said, "We are in it for our cut." Vendor tax was born of no logic at all—like so many things New South Wales Labor has done over many years. It was an unfair tax. So the community of New South Wales rose to tell the State Labor Government, "This is an unfair tax. You got it wrong." Even Labor backbenchers spoke publicly about the tax and told Bob Carr, the former Premier, that it was unfair. There were also discussions about it in the Labor caucus meetings—major heated discussions, as I understand it—during which Government members told the Premier and Treasurer Egan that the tax was not fair. But what did we see? We saw not one moderation of the tax over the entire period since it was introduced in about April last year.

This is an exercise in cynicism. In New South Wales there has been a change in administration. Why has there been a change? Not because there was an election, but because Bob Carr was on the nose, because Labor was on the nose, because of the exit tax, and because of that other abhorrent tax imposed on the club movement, which is the backbone of New South Wales in so many ways. With Bob Carr on the nose and the Treasurer on the nose, the dominoes started to fall. At the beginning of this year there was the abandonment by the Treasurer: quick exit stage right, and gone was Michael Egan. For a year in this House we had the spectacle of the Premier arguing and justifying that the exit tax was a good tax. Month after month the New South Wales

Liberal and National parties raised the concerns of the community that it was an unfair tax, that it was a tax that was counterproductive and actually killed off the property market. Mr Carr kept telling us that the market would go down, and that would be good. To some degree an overheated market is not the best for the community, but neither is a market that is stone, motherless broke.

Bob Carr and Michael Egan did not have the insight or understanding to recognise that the property market was already cooling, for a host of economic factors. The market had reached its peak and was nearing the end of its cycle. The market started to drop back in the months before Michael Egan and Bob Carr introduced this tax. Had they picked up the newspapers each weekend they would have noted the number of listed auctions. In the months preceding the day that Michael Egan came into this House and told us we were going to get a new, big, bold and wonderful tax, the auction rates had started to drop away; the market was already diving. Not one solitary, public whimper came from any Government backbencher at that time. Every Government member voted for that tax, including the current Premier, Morris Iemma—they all supported it. Not one Government member had the courage to state publicly that it was an unfair, unreasonable tax on the people of New South Wales.

We then moved to the cynicism phase. In January Michael Egan left. On his last day, 11½ weeks ago, Bob Carr waved to us all with an extra flourish as he left the Chamber. With that we were moving towards another stage in the cynicism of this Government. We were about to see the strategy that was put in place in the smoky backrooms, where Labor installed one of its own. More cynically, did the new Premier put in place a delaying mechanism? No, because by that stage the Government had recognised that the exit tax was not good for it. At least it had that degree of sense.

However, the Government was not going to extend the reasonableness to the people of New South Wales that it was about to extend to itself. For another two months the Government went through a transition phase. Clearly, Bob Carr knew he was leaving but he spent a fortune on flying to the Middle East, and announcing the proposed desalination plant. Meanwhile the numbers were being worked and after Bob Carr resigned we had the ascension to the position of Premier of the former Minister for Health, Morris Iemma. He had been part and parcel of that decision in caucus and Cabinet and he had been prepared to go along with the exit tax. That tax was unfair from the moment it was announced in this Chamber, and what has come about now is also unfair.

In the past two months, after the Government realised that the tax was as hopeless as the Coalition and the community had been telling it, many people have suffered the consequences of the exit tax because it was part of the cynical transition and Labor strategy to give the new Premier some opportunity to have a bounce in the polls; that is, to be able to say that he had done something. What have we seen in the past few weeks? It is as if the past 14 months had not happened.

Mr Daryl Maguire: It is just hilarious.

Mr BRAD HAZZARD: Yes, it is. To see members opposite bouncing around, trying to pretend this is a new show, a new script, is funnier than watching a Punch and Judy show. It is not a new show, it is the same tired old Labor Government that imposed this tax upon the people. This is the same tired old Government that could not see how damaging that tax was going to be to the people of New South Wales. The Government displayed exactly the same arrogance it has displayed for 10 years. In the past 14 months Labor has absolutely duded the New South Wales community, it has killed off the property market, and it has absolutely devastated the capacity of people to get ahead. People of all ages have been stung by this quintessential Labor tax; it was a stupid, insane, inane tax.

The Labor Government is now telling us that we should thank it for removing the tax. On behalf of the people of New South Wales I say to the Government: We do not thank you, we are bitterly disappointed, we are saddened, that so many of you who, individually, must have known how stupid it was, did not speak up against it. The Government is now trying to produce the veneer that it is somehow a different, new Government. It has not been elected, it has not been to the people, and most of the Government members have been here for 10 years. The majority of the Government members said that this is a good tax and backed it. However, they have destroyed so much of the free enterprise and goodwill of young people and older people, people trying to look after their future, who have been taxed into oblivion.

The exit tax is but one example of a bad tax; there is also the clubs tax. What has the Government done about the clubs tax? It has made slight noises to the club movement that it will change that tax—and by heavens,

it should. Government members should visit Wilcannia and Brewarrina, where the only form of entertainment is the clubs, and where the only support for local youths is provided by the clubs. If Government members visited clubs in the northern, southern and western suburbs of Sydney, and the Panthers club—all the clubs they have been quick to criticise and about which they held sham inquiries—they would find out about the good work that is done by New South Wales clubs.

But what has the Government done? It has put in place an increasing tax regime that is destroying clubs, put people out of employment, and stopped community groups from getting financial support from clubs. And the clubs know that their financial position will get worse. Yet the Government has kept them hanging on a string, hoping that somehow they will get a better deal. The clubs know that when the New South Wales Coalition—the Liberal Party and The Nationals—is elected they will get a better deal and that there will be some honesty, transparency, and decency. That commodity has disappeared under this current, very much the same, Labor Government. It does not matter that it rebadged itself; unfortunately it is the same tired old Government, and New South Wales is desperate to get a decent government, a Coalition Government, that will deliver better outcomes.

Mr DARYL MAGUIRE (Wagga Wagga) [7.57 p.m.]: The Duties Amendment (Abolition of Vendor Duty Tax) Bill should never have had to be introduced. If Government members had some spine, when the bill was first introduced into caucus they would have shown their disdain for it then, as they have now. I cannot believe that since this bill was introduced and became law there has been such a change. Honestly, listening to the debate I wondered if I was on the same planet—only 18 months after Michael Egan and Bob Carr insisted that this tax be introduced. It is not often that the honourable member for East Hills and I agree, but on one point we do agree. This was a bad tax and I congratulate him on his honesty in acknowledging today that it was a bad tax. I congratulate also the honourable member for Blacktown on his honesty regarding this tax. However, I am disappointed that those honourable members did not stand up and fight the then Premier and then Treasurer about the implementation of this tax. As the honourable member for Illawarra would know—

Mr Alan Ashton: We actually did, but we cannot reveal all the sources.

Mr DARYL MAGUIRE: That is right, the honourable member for East Hills came out because he was spineless. He was spineless in the party room and in this House. Twice he failed to vote against a bill to save people from having to pay this unfair and unjust tax, people whom he supposedly represents and whom I represent.

Mr Alan Ashton: Point of order: I object to the term "spineless". The honourable member for Wagga Wagga could say, "lacked vision" or "lacked courage", or any other term, but he cannot say "spineless". "Spineless" is definitely unparliamentary language.

Madam ACTING-SPEAKER (Ms Marianne Saliba): Order! There is no point of order.

Mr DARYL MAGUIRE: The point I am making is that this bill went before the caucus and members had the opportunity to tell the former Premier, Bob Carr, and the former Treasurer, Michael Egan, they did not want it, but they chose not to do so. Now we hear how it was they who brought about this change in tack and reversed this policy. I have seen catalogues and brochures from Government members saying how they have brought about change and how good this will be for the taxpayers of this State that they have managed to get rid of vendor tax. I have to remind all members that they are all a part of the decision-making process, including the new Premier.

Tonight in her presentation the honourable member for Drummoyne said many things and I want to address some of them. Firstly, her reference to the unfair capital gains tax. She said that members should do their homework before coming into this Chamber and speaking about taxation and vendor duty. But she certainly lamented the fact that capital gains tax was a tax of the Federal Government. She then said that she really detested that tax. May I remind the honourable member for Drummoyne and members on the Government side of the House that capital gains tax was introduced on 20 September 1985. If I scratched my ear in a certain way and I had a silver lock of hair it may remind members who the Prime Minister was that introduced that tax—that unfair capital gains tax—and who was the world's best Treasurer at that time. No surprises: Hawke and Keating.

The honourable member for Drummoyne also said that she had received some 700 pieces of correspondence from people who were concerned about that tax. Members on this side of the House have also

received correspondence from people who reside in the electorate of Drummoyne and across New South Wales who have also expressed their concern. Reference has been made to the debt the Carr Government inherited. Today the Premier and other Government members have lamented the debt they inherited. I remind members that when Nick Greiner came to office in 1998 he inherited a \$20 billion debt from the Unsworth Government.

Mr Alan Ashton: Rubbish.

Mr DARYL MAGUIRE: It is true. The honourable member for East Hills can check the records. I have done my homework, as the honourable member for Drummoyne insisted I do. I also remind members that the budget deficits of the Greiner Government that the Premier spoke about this afternoon occurred during the recession that we had to have. Members will remember the world's greatest Treasurer in 1989, 1990, 1991, 1992 and 1993 and about our having a banana republic. These are figures that were quoted by the Premier.

Mr Matt Brown: Point of order: Regarding the comment about Nick Greiner's Government having a \$20 billion debt, how could that be less when he had deficit budgets for five out of the six budgets he delivered after that?

Madam ACTING-SPEAKER (Ms Marianne Saliba): Order! There is no point of order.

Mr DARYL MAGUIRE: The point that I am making is that the debt that Greiner inherited was the legacy of the then Labor Government and that the Greiner Government also had to contend with a recession that we had to have and a banana republic. Let us go forward now to the time of the Carr Government and the introduction of the vendor duty. The Carr Government has experienced the greatest boom times on record: the greatest property booms and income through taxation that any New South Wales government has ever experienced. Yet here we are in a situation where the Carr Government has continually pointed the finger at everyone else but itself for the fact that it had record income, with \$1.5 billion per year more than it budgeted for from increased taxation—the highest tax in Australia—and yet found itself in a situation where it had to blame the unfair distribution of GST.

But when one looks deeper one finds that the New South Wales Government has caused the problem itself. Year after year the Opposition has highlighted the waste and mismanagement of this Government. Whilst the Government has presided over the enormous losses that government entities have had to contend with, it has also been increasing taxes. I will list some of those taxes because I am sure that honourable members and the public would be very interested. Payroll tax on superannuation, the Government broadened the base in 1996; motor vehicle transfer stamp duty increased from 2.5 per cent to 3 per cent, a tax increase; electricity distributors levy, new tax; land tax rate increased from 1.5 per cent to 1.65 per cent, a tax increase; parking space levy doubled from \$200 to \$400, a tax increase; general insurance stamp duty rate doubled, a tax increase; health insurance levy increase, a tax increase; motor vehicle transfer stamp duty increase on cars worth more than \$45,000, a tax increase; land tax increase from 1.65 per cent to 1.85 per cent, a tax increase; land tax on owner occupied homes, a new tax; recreational fishing licences, a new tax; insurance protection tax, a new tax; broadened payroll tax base, a broadened base; harbour bridge toll and Roads and Traffic Authority fee increases, a new tax; broadened stamp duty base for land rich companies, broadened base; increased club taxation, a tax increase; increased pub taxation, a tax increase; increased premium property taxation, a tax increase; replaced coal fixed dollar rates and ad valorem rates, a tax increase; vendor duty, a new tax; broadened land tax base, a broadened base.

Those are some of the tax increases this Government has presided over and still the Government has to look for other reasons and other people to blame for its fiscal mismanagement of this State. The Executive Summary of the Joint Groups of Mission to Government of April 2005 says:

Vendor duty is a tax failure and should be abolished immediately.

Abolition is affordable. Removing vendor duty would reinstate NSW's competitiveness with other States and result in a permanent pickup in purchaser duty revenue of at least \$140 million annually.

The NSW Government can afford to abolish vendor duty. Despite the rhetoric, the NSW Government does not need vendor duty.

Vendor duty is a short-sighted tax policy from a Government which has come to rely too heavily on property taxation. Property taxes account for almost 40% of total tax revenue. This has jumped 22% over the last decade. Combined state and local taxes exceed \$145,000 on a new house in a greenfield estate.

That is \$145,000 in taxes and charges, and the Government is out there pretending it supports development and first homeowners. The summary goes on:

Significantly, NSW is alone in its vendor duty experiment. All other states have ruled out introducing this tax, giving NSW the dubious honour of having Australia's highest property transfer duty.

Rejection of vendor duty by other states makes sense. Vendor duty is a revenue failure. After nine months it has raised just \$252 million. This is \$10 million short of what it should have raised over that time (based on revised \$350 million annual target).

Worse still, vendor duty is driving NSW transaction volumes down, resulting in less purchaser duty revenue. As a result the NSW Government is behind in purchaser duty revenue collections for the first time in its decade in office.

Vendor duty is driving investment out of NSW. Money which would have been spent on property in NSW is going to Queensland and other states or else spent on shares.

Far from improving housing affordability, vendor duty has resulted in falling vacancies putting pressure on rents. Sydney's residential vacancy rate is currently 2.2%, signalling a significant shortage of supply of rental stock.

An accommodation crisis is pending as investors continue to leave the market and competition amongst renters grows.

Ultimately, vendor duty is hurting ordinary everyday people.

I made that very point when the Government introduced this dumb tax. [*Extension of time agreed to.*]

This tax is hurting the very people whom the Labor Party is supposed to represent, people like those in Macquarie Fields, who are going to the polls this weekend. This tax is hurting the mum and dad investors. The parents of people like the honourable member for Drummoyne and others came to Australia, worked hard and saved for their retirement. Those are the people that this tax has been hurting. Seven hundred people wrote to the honourable member for Drummoyne and to other Government members complaining about the injustice of this tax. Government members ducked for cover, did not respond and said they needed to introduce this tax, supposedly because they were not receiving their share of the GST revenue. However, if they had read the legislation properly they would know that all recommendations to the Federal Treasurer come from State treasurers.

They put a spin on this issue, as Bob Carr did, to try to deflect blame when they are at the centre of the problem. They failed miserably the people whom they should have been representing enthusiastically and energetically—people in Macquarie Fields and in all the other electorates that were referred to earlier. Headlines in the newspapers include, "Labor's MPs join land tax protest", "Labor MP switches factions", "World's dumbest tax", and, "Labor MPs warning of property backlash. This bill has been introduced because Government members are hanging by their fingernails on the side of a cliff. They know their electorate fortunes are linked to this tax. When it was mooted in the caucus room they failed to stand up for the people they represent. They failed those who have had to pay increased rents and who have suffered under this regime.

After listening to all those who spoke today in debate on this bill I could have been forgiven for believing that I had been asleep for the past six years. Anyone waking up from a dream might have imagined that the Coalition was in government and that some nasty ogre had implemented all these taxes. The Government, which now has a clean slate, is about to make it all right. I cannot believe the rhetoric that I heard today—the dishonesty, the spin and the hypocrisy. I do not use that word very often in this Chamber but I am disappointed that Government members failed to vote with Opposition members. On two occasions they failed to cross the floor of this Chamber to vote with us to protect the people that they supposedly represent.

I perused *Hansard* looking for speeches made by the honourable member for Drummoyne. Today she made a long speech. She said that she had fought for the abolition of the vendor tax and that she had taken the representations made to her by the community into the caucus room. However, not a word of that is reflected in *Hansard*. The honourable member for Bega will attest to the fact that the honourable member for Drummoyne and other Government members have not said a word about it. I do not know how they are able to sleep at night. Today they contributed to debate in support of this bill, and they would not support a similar bill introduced by the Opposition when they were given an opportunity to do so. It is not often that I get wound up in this place. However, after hearing the hypocrisy that I heard today I am livid and disappointed.

People across New South Wales have had to pay an unfair tax that the Government has now decided to abolish. A 70-year-old shearer came to me and said, "Mr Maguire, I have not voted Liberal all my life; I have always been a Labor voter. I have scraped and shorn sheep and my wife and I have battled and saved. We have a holiday house and we have to pay vendor duty and land tax on it." These are the people that the Labor Party is supposed to represent. This man may or may not vote Labor at the next election. However, the fact that he told me those things reflects the depth of feeling among voters. Even if 50 per cent of those people decided that the Government had let them down, a lot of Government members will be in deep trouble.

The honourable member for Kiama referred to the GST agreement but failed to point out that that agreement is made by the treasurers and Premiers of each State. They put forward the recommendations. The honourable member put a lazy spin on the debate and offered nothing of substance, which was disappointing. People who make mistakes need to be big enough to come into this place and say, "I got it wrong, I apologise, I am sorry." Those are difficult words to say, but they need to be said. Government members should go into their electorates and tell members of their communities that they got it wrong. All we hear is spin and the same old garbage we have heard in this place for years.

Government members look to blame people other than themselves. If I were a voter in an electorate of a Government member I would not be happy if I had been hit with a tax that had compromised my future, something for which I had scraped, saved and worked, as many people in this State have done. New Australians have come to this country to make a new life for themselves. They have worked seven days a week and aspired to achieve greater things. The Government has let them down. When I went to the polling booth I would remember that fact. I would not forgive this Government for what it has done.

People want to be able to provide for their children and we must encourage them to do so. The great beauty about Australia is that if we work hard we are presented with many opportunities. The Government is not able to encourage people to do that. This unfair tax does not acknowledge the fact that anyone investing in a property pays tax on the whole of the sale amount rather than a capital gains tax. The vendor tax is an unjust tax. This is a disappointing day in this House. It is disappointing that it was necessary to introduce this legislation. It is disappointing that Government members have not stood up for their electorates and for those whom they should represent.

Mr ANDREW CONSTANCE (Bega) [8.17 p.m.]: I reflect on what the honourable member for Wagga Wagga said and congratulate him on his contribution to this debate. Having listened to what has been said today in this Chamber, I have no doubt that Government members are happy to put party politics ahead of principles. They have said they said this and that in caucus, behind closed doors, but they did not have the political fortitude to stand up in front of their communities and vote on Duties Amendment (Abolition of Bob Carr's Vendor Duty) Bill, which was before this House in June. That reflects poorly on them. Like the honourable member for Wagga Wagga, I have looked through *Hansard* and at some of the media coverage of this issue over the past 12 months. I was particularly struck by the transcript of an interview between the honourable member for Blacktown and Alan Jones that took place on 23 June 2005. I want to reflect on that transcript for a minute because it says a lot. At that time we did not know what would happen in the months ahead. On the Alan Jones program the honourable member for Blacktown said:

I am elected by the people in my electorate firstly and they're the people that I am responsible to and I wouldn't be doing justice if I didn't say what I feel. You know ... there's no doubt the vendor tax has failed to raise its projected revenue. The fifty-seven and one half million monthly revenue target, we've never achieved it and never will ...

And the worst part Alan is simply this, the State's missing out in two ways because people aren't selling their property, so we're missing a massive amount of stamp duty on the sale of that property and also on the purchase of that property.

So we're missing out twice and I believe and I've got no doubt that I'm right—

The transcript is a little incoherent at this point. He continued by saying that we need the revenue for hospitals, schools and railways. Alan Jones then said:

I had thought that this would be addressed at the ALP State Conference, was some deal done on the floor of the Conference?

The honourable member for Blacktown said:

Well Alan I'm not privy to that ... Well Alan I'm not privy to whether the deal was done or not, but I believe, if somebody has got a cancer, if you've got a cancer then you've got to cut it out.

The Australian Labor Party [ALP] did not want a stoush on the floor of its conference in June. We now know the deal was that Mark Arbib got together with Morris Iemma and the factional warlords in the Labor Party to ensure that the conference ran smoothly without political in-fighting over the vendor duty, which would publicly embarrass the Government. We now know the reason why. Back in June those in ALP head office who now run the Government and the State were fully aware that Bob Carr intended to retire at some point during the winter recess. They wanted Morris Iemma to first put his hand up and say, "I'm a good bloke, I have abolished the vendor duty".

However, \$60 million was ripped out of the pockets of the hardworking people of this State. Four thousand investors on the far South Coast have suffered at the hands of the Government. For a two-month

period the ALP had a political strategy to continue to rip off the people of this State. That is outrageous; it is a fraud on the people of New South Wales. Honourable members opposite have been hypocritical when they have said in this House today, "Don't blame me, I am an individual member of the Government and I am happy to go back to my electorate and say that I have been fighting for my constituents' rights and look what I have achieved after 12 months." Government members voted against legislation to abolish the vendor duty when they knew in their heart of hearts that it was wrong and that it punished ordinary Australians. The Government should have no illusions that it will now be supported because the vendor duty has been abolished. A snake may shed its skin but it is still a snake. I do not accept for one minute that any person in this State who has forked out thousands of dollars for the State's coffers—

Mr Daryl Maguire: Tens of thousands of dollars.

Mr ANDREW CONSTANCE: Yes, tens of thousands of dollars in many instances—on the back of the world's dumbest tax will walk into the ballot booth in 2007 and say that Morris Iemma is a good bloke for abolishing a tax he was part of introducing in the first place. The electorate of Drummoyne has the highest number of property investors in this State. No wonder the honourable member for Drummoyne tried to plead her innocence, but that plea will not wash with investors in her electorate. The Premier announced that he would abolish the vendor duty but he failed dismally to outline how he would recover the revenue lost from the slashing of this tax. That would suggest he has the same commercial and economic credentials as Bob Carr and Michael Egan, the architects of this mess. The Premier is happy to slash the tax but cannot say how he will recover the lost revenue.

Mr Daryl Maguire: But he was in Cabinet.

Mr ANDREW CONSTANCE: He was in Cabinet.

Mr Daryl Maguire: He helped make the decisions.

Mr ANDREW CONSTANCE: Yes, but how will he justify his economic credentials when he cannot outline how he will ensure that the State's budget remains in a healthy and sound position? Standard and Poor's is knocking on the doors of Treasury, making it clear that the budget and the State's finances are in dire straits. The Government has blown out the wages bill of this State with bloated bureaucracies left, right and centre. It is now at a point where incoming revenue cannot meet those wage bills, let alone meet service and infrastructure requirements.

Over the past few days the Premier has consistently said that the Opposition is about slashing jobs. That is a simple, straight-out political lie. Our approach is about freezing recruitment of bureaucrats not involved in front-line services. The Government would soon work out that the attrition rate would justify the Opposition's public policy position. The abolition of the vendor duty could not come soon enough. It should not have been introduced in the first place because of its impact on the property market and on incoming revenue through stamp duty. The fact that the Government set out to achieve a target of around \$57.5 million each month was never going to be achieved. The State Government thought it was behaving like the Reserve Bank in trying to justify, in some perverted way, its running of monetary policy in New South Wales.

The Government introduced this tax at a time when the property market was cooling off and, as a result, it completely skittled all revenue targets it was seeking to achieve at that time. This has had an adverse political effect on the Government and will continue to do so. The Opposition will ensure that the Government pays politically for the pain it has caused the investors of this State. The 4,000 investors in my electorate who have been badly affected by the vendor duty are the salt of the earth. Like most Australians, they wanted to be able to invest and save for their retirement and not be a burden on the State. The Government lost sight of the fact that we need to encourage Australians to save for their retirement. The Coalition believes that everyone should be encouraged to achieve and to provide for their retirement, whereas the Labor Party, through this tax, sought to bring people down to the lowest common denominator.

No doubt, the political hardheads in the Government devised this duty with little regard for the economic views of Treasury. I have no doubt that Treasury officials were aware of the economic consequences of it. Those who wrote to me complaining about the vendor duty are not high fliers. They are people who had saved for years; they are mum and dad investors, tradespeople, construction workers, police, reverends and so on. They have all been incredibly frustrated by this process, particularly as it was introduced at the same time that the land tax threshold was increased, thus punishing them even further. The Government has run scared on

this issue, knowing that it was in trouble politically on the back of it. But if the Government thinks for one minute that the people of New South Wales will suddenly forget about the impact of the vendor duty it is dumber than I thought.

The honourable member for Blacktown in his brave statements on the Alan Jones radio program made it clear that a deal was done at the Australian Labor Party conference. The elevation of the new Premier has revealed the contents of that deal. I cannot help but wonder whether the Hon. Carl Scully was in tune with what was going on at that time. Mark Arbib has again proven that he is running this Government and this State. The puppets who sit on the Government benches in this place have a lot to answer for. They have meted out harsh punishment to the people of New South Wales, an enormous number of whom have been hurt.

Mr RUSSELL TURNER (Orange) [8.30 p.m.]: Like many of my colleagues who have spoken in the debate on the Duties Amendment (Abolition of Vendor Duty) Bill, I will highlight the fact that Coalition members—and I am sure most Government members—believe the vendor tax should never have been introduced. It never raised the revenue anticipated by the former Treasurer. This bill is similar to the private member's bill introduced by the former Leader of the Opposition, the honourable member for Pittwater, on 23 June this year. If that bill had seen the light of day one wonders how many Labor members would have had the courage to cross the floor and vote with the Opposition to abolish the vendor tax that I am sure all believed was hurting the general community. In this case the Labor Government has targeted the battlers and traditional Labor voters that those opposite claim are the constant targets of Coalition governments.

Many honourable members who have spoken in this debate highlighted the failure of the vendor duty. It did not raise the revenue anticipated and hurt small investors not only in the Sydney Basin and other metropolitan areas but in small regional centres and cities such as Orange, Dubbo and Tamworth. When the vendor duty was introduced the bigger regional cities had just started to attract investment from people who had been forced out of the Sydney market by high prices and who were seeking a better return in the regions. This increased investment was beginning to benefit real estate owners in those cities and farmers who were fortunate enough to have property investments in a town or regional city. The exit tax hurt those who planned to sell one investment property and purchase another. Those people decided not to go ahead with their sales and further their investment in their retirement and so on. As a result the Government missed out not only on the vendor tax but on stamp duty and business generated through real estate.

Real estate agents in Orange, Cowra and elsewhere in my electorate—I am sure the message was the same throughout New South Wales—confirmed that the vendor duty had killed the property market. As a consequence, many business proprietors and salesmen who specialised in investment were forced to work fewer hours. Property investment had increased to only a trickle when the Opposition introduced the Duties Amendment (Abolition of Bob Carr's Vendor Duty) Bill in June this year. But the Government soon decided that the vendor tax was highly embarrassing and started to search for ways to abolish it. We have heard claims that the Labor Party decided to allow the new Premier to earn some credibility by introducing this bill.

We support this bill to abolish the vendor tax and rejuvenate business and investment in this State. We certainly need it. Taxation—either taxes that are unique to New South Wales or common taxes that are levied at a higher level in this State—has caused New South Wales to languish behind Queensland and Victoria. At least the abolition of the vendor tax will lead to a rejuvenation of investment not only in Sydney but in the regions. We need all the investment we can get. When city investors regain their confidence perhaps they will begin to invest in rural and regional areas and rejuvenate the economies of cities such as Orange, Dubbo and Tamworth, which will once again ride the crest of a wave of investment and growth. That, in turn, will assist smaller towns. Before the introduction of the vendor duty towns 15 or 30 minutes away from Orange were starting to benefit from investment by people who found property in the city a little expensive. However, the vendor tax soon stopped that investment also, and small towns no longer benefited from the growth of Orange.

Let us hope that the abolition of the vendor tax will generate interest in the cities that will extend to smaller towns. No government in this State—neither Coalition nor Labor—has found a way of rejuvenating the small towns of New South Wales, which are dying. Those towns will benefit from comfortable growth and bustling economies in our large cities. Everyone agrees that the vendor tax should never have been introduced. I hope that the rejuvenation of our major cities will have a positive flow-on effect for small towns throughout New South Wales.

Mr STEVE WHAN (Monaro) [8.38 p.m.]: I support the Duties Amendment (Abolition of Vendor Duty) Bill for a number of reasons, not least because I obviously support abolition of the vendor tax. I have been

listening for some hours—at least, that is how long it feels—to Opposition members speaking about the vendor tax and this legislation. Anyone who reads this debate in *Hansard*—heaven forbid that someone should do so—and manages to stay awake will notice the repetitive nature of many of those contributions. Many Opposition members have strayed into a discussion of general taxation policy, the State Government's ability to collect taxes and how much money it raises. They have also sought to criticise the level of taxation in New South Wales. During this debate it struck me that members opposite consistently failed to make the obvious link that everyone in New South Wales makes between the need to collect tax revenue and provide services.

People often say to me as a representative of a rural area that they want governments to provide communities with more services, not fewer services. Obviously, governments must raise revenue to do that. The Premier's decision to abolish the vendor tax is a good measure that will help to stimulate property investment around the region. We must acknowledge that when the vendor tax was introduced there was a lot of pressure on the Government's finances as a result of the Federal Government's inequitable distribution of the GST. Honourable members on both sides of the House have referred to that issue in this debate. However, members opposite consistently stick their heads in the sand about the inequitable distribution of the GST and the way the Federal Government is not showing any leadership in terms of helping New South Wales to overcome the difficult situation.

A publication by an adjunct professor of economics at Macquarie University, David Collins, deals with the new tax system and the implications for Federal-State financial relations. In the executive summary he states that the paper demonstrates that revenue gains during the transitional period of the intergovernmental agreement were distributed between the States in a highly inequitable way, with Queensland being the main beneficiary. During his study he examined some myths about the GST distribution and the way it has been influenced unfairly by the very unfair formula put in place by the Commonwealth Grants Commission.

Mrs Judy Hopwood: Bob Carr signed off on it.

Mr STEVE WHAN: Members opposite do not seem to understand that the GST legislation makes it clear that Treasurer Costello makes the decision about the relativities for the distribution of GST revenue. Certainly, the Premiers signed an agreement that included the distribution of the GST. However, they did not sign an agreement that agreed to the formula used by the Commonwealth Grants Commission, which itself acknowledges is out of date. If New South Wales had not signed the agreement it would not have received a share of the GST revenue, which would have been an absolute disaster for everyone in New South Wales.

Many people in New South Wales do not realise that currently more than 50 per cent of the State's revenue comes from the Commonwealth in one form or another. When the GST was introduced the proportion of revenue that New South Wales received from the Commonwealth increased substantially. For example, back in 1995-96 all the States received 16.2 per cent of their revenue from franchise taxes, which have since been abolished. That means that New South Wales places more reliance on other forms of taxation, and I shall come back to that in a moment.

The paper I referred to earlier points out that the formula developed for the Grants Commission to distribute a small portion of Commonwealth payments to the States now covers the whole range of Commonwealth payments to the States. In other words, a formula designed, for argument's sake, to distribute 30 per cent of payments to the States now covers a much larger proportion. That means that the inequity built into the formula has a greater effect on New South Wales than ever before. The paper contains a section on the myths about the GST. One myth that it explodes is that the GST is a State tax. The paper states:

If the GST were truly a State tax, each individual State would be fully in control of its tax and would be able to determine its rate and base, which is clearly not the case. Not even the State's acting in concert (an unlikely prospect) would have this power because, under the provisions of the IGA, the Commonwealth has the power of veto. On the other hand, since the GST has been enacted by Commonwealth legislation rather than by constitutional change, the Commonwealth Government could (as long as it was willing to abrogate the IGA and able to gain Senate cooperation) alter the GST provisions unilaterally.

In other words, the States are virtually powerless in the process. In this and previous debates members opposite have said, "Why don't you talk to Queensland and get them to agree?" They must be living in fairy land if they think that a State that receives a massive benefit from this distribution formula would voluntarily agree to give back the tax revenue. What we need is leadership from the Commonwealth Government and John Howard, who is supposedly a New South Welshman, to provide a fairer distribution formula and to listen to New South Wales when it suggests a fairer way to distribute the GST.

New South Wales relies on a very narrow tax base. When people know that they can see the absolute paucity of the arguments of members opposite, who pat themselves on the back and say that the Coalition

parties are parties of low taxes—no services but low taxes. In the past couple of days members opposite have said that a Coalition government would cut the payroll tax rate. Over the past couple of years, in the short time I have been in the Parliament, they have said that they do not support payroll tax or the current level of gambling taxes and do not want property taxes. They continually whinge and whine about stamp duty on various things.

Let us look at the distribution of revenues. In 2001-02 payroll tax represented nearly 30 per cent of actual revenue raised by the States; stamp duty, more than 26 per cent; gambling taxes, 11 per cent; and ownership of motor vehicles, about 13 per cent. If members opposite say that they do not support and will campaign to cut all tax rates and then expect the people of New South Wales simply to sit back and think that the States have another magical form of revenue to make up for this they are not fooling anyone. However, people will not be fooled; they know that the proclamations by members opposite that a Coalition government would cut tax rates and spend more on a whole range of areas—each time they visit regional New South Wales they promise to spend more—adds up to a massive black hole in the budget if New South Wales were ever unlucky enough to have a Coalition government.

Basically, it is a massive con. Earlier today the Premier said that on our estimates there is a \$16 billion black hole in the Coalition's promises to New South Wales. When future readers of this debate in *Hansard* read all the pious comments by members opposite they will recognise that the glory of being in Opposition—perhaps the only one—is that Opposition members can say anything and not be held accountable. That is exactly what members opposite have done in this debate. They have engaged in massive hypocrisy on taxation—

Mrs Judy Hopwood: Point of order: I ask you to bring the honourable member for Monaro back to the leave of the bill.

Mr STEVE WHAN: On the point of order—

Mr ACTING-SPEAKER (Mr John Mills): Order! There is no need for the honourable member for Monaro to contribute to the point of order. His remarks are relevant to the bill.

Mr STEVE WHAN: As I said at the outset, I have been listening carefully to this debate for several hours and I have heard members opposite range far and wide on the tax system and expenditure. They could have saved their breath in terms of this bill. They should have had the courage simply to welcome the new Premier's decision to abolish the vendor tax. However, they tried to score political points because they see that as the only way to convince the people of New South Wales to vote for them. The people of New South Wales are not being fooled. They know that the Opposition's strategy, which is all about cutting services to the people of New South Wales so that they can make a show of cutting taxes, means that services will be decimated. Members opposite have already told us that a Coalition government would fund some tax cuts by cutting 29,000 jobs in New South Wales. As the Premier said today, if by some miracle a Coalition government preserved the jobs of teachers, nurses and police, about one in three other jobs would still go.

In regional country areas such as Queanbeyan, which I represent, that means that a huge slab of jobs would be cut from the Department of Community Services—which we know the Opposition wanted to slash at the last election—and massive numbers of jobs would be slashed from primary industries that assist farmers. It is dishonest to suggest that 29,000 jobs can be cut by invisible bureaucracies in Sydney without affecting the delivery of services. I do not think any fairytale writer would dare to put forward that bit of imagination. Members who read the contributions of Opposition members to this debate will know that we are seeing flights of fantasy from them. They want to tell everybody that they can cut taxes and spend more money, and at the same time they are going to cut jobs, which they say will not affect the delivery of services.

The reality is that we will see the same as what happened under the Greiner Government—massive deficits, no cutting of taxes, and the slashing of teacher and other essential services, as happened when Metherill slashed 2,000 teacher jobs. No doubt the Opposition will go to the next election and repeat the same line, and hope that it can fool all of the people all of the time. We on the Government side know that it is impossible for them to do what they say they will do. Let us hope that the people of New South Wales are not fooled by these sorts of ridiculous imaginary promises and commitments made by the Opposition throughout this debate. I support this legislation.

Mrs JUDY HOPWOOD (Hornsby) [8.52 p.m.]: The object of the Duties Amendment (Abolition of Vendor Duty) Bill is to amend the Duties Act 1997 to abolish vendor duty, and duty on the disposal of interests in land-rich companies and trust schemes, on and from 2 August 2005. I refer to the timing of the announcement

of this legislation. This tax has cost people in this State many thousands of dollars while they have been waiting for new Premier Iemma to make one of his first announcements as the Leader of this State that the very controversial 2.25 per cent levy on property sales would be scrapped. In the meantime, since the 2004 introduction of this extremely controversial and unwelcome tax, I have seen real estate offices close, sellers of properties punished—most of whom were small investors—building companies lose business, and ordinary everyday people with children and responsibilities lose their jobs.

Any member of the Government who tries to justify the initial introduction of this tax and now the hypocritical reversal of that policy should look at himself or herself in the mirror. People of expertise in the building, property and real estate industries called for the abolition of vendor duty in a joint property group submission to the Government that was delivered in April 2005. Those experts included the Real Estate Institute of New South Wales, the Property Council of Australia, the Urban Development Institute of Australia New South Wales and the Housing Industry Association. The executive summary of that submission stated:

Vendor duty is a tax failure and should be abolished immediately.

Abolition is affordable. Removing vendor duty would reinstate NSW's competitiveness with other states and result in a permanent pick up in purchaser duty revenue of at least \$140 million annually.

The NSW Government can afford to abolish vendor duty. Despite the rhetoric, the NSW Government does not need vendor duty. NSW is set to achieve a budget surplus of \$563 million in 2004/05, which is set to grow to more than \$1.4 billion by 2007/08. This exceeds future surpluses in Queensland and Victoria almost threefold.

Vendor duty is a short-sighted tax policy from a Government which has come to rely too heavily on property taxation. Property taxes account for almost 40% of total tax revenue. This has jumped 22% over the last decade. Combined, state and local taxes exceed \$145,000 on a new house in a greenfield estate.

Significantly, NSW is alone in its vendor duty experiment. All other states have ruled out introducing this tax, giving NSW the dubious honour of having Australia's highest property transfer duty.

Rejection of vendor duty by other states makes sense. Vendor duty is a revenue failure. After nine months it has raised just \$252 million. This is \$10 million short of what it should have raised over that time (based on revised \$350 million annual target).

Worse still, vendor duty is driving NSW transaction volumes down resulting in less purchaser duty revenue. As a result the NSW Government is behind in purchaser duty revenue collections for the first time in its decade in office.

Vendor duty is driving investment out of NSW. Money which would have been spent on property in NSW is going to Queensland and other states or else spent on shares.

Far from improving housing affordability, vendor duty has resulted in falling vacancies putting pressure on rents. Sydney's residential vacancy rate is currently 2.2%, signalling a significant shortage of supply of rental stock. An accommodation crisis is pending as investors continue to leave the market and competition among renters grows.

Ultimately, vendor duty is hurting ordinary everyday people. Far from being a rich person's tax, vendor duty is reducing the retirement savings of thousands of people, many from traditional Labor seats across Sydney's western suburbs. It is also costing jobs. Tradesman and construction workers are paying the price as property development and refurbishment slows because of vendor duty.

Vendor duty is unwarranted and unsustainable. This tax should be abandoned immediately.

Finally, this tired old Government has agreed with everything in that executive summary. Members of the Government who say they ranted and raved in questionable and accountable ways on behalf of their constituents who no doubt complained—as my constituents complained to me—are found wanting because they did not do enough in the right places to stop this tax or they did not do anything at all. They would be totally hypocritical if they said anything. I received many letters but one was in relation to the vendor tax and land tax. On 2 May my constituent wrote on behalf of her son and stated:

RE: 1. NSW Vendors Tax—Paul M Plunkett, \$8,122.50 (Paid 21/4/05).
2. NSW Land Tax—Paul M Plunkett, \$254.80 (paid 19/4/05).

Payable on his Family Home at 10/23-27 Linda St, Hornsby NSW 2077

On behalf of my son ... [we] instigate the necessary action to have the above mentioned taxes refunded as soon as possible.

I make this request for the following reasons:

1. I wish to emphasise that this was my son's home "the only property he has ever owned" and was not an investment property.
2. He purchased the property new in January 2001 & lived there until October 2002. During this time he was retrenched.
3. As he could not find work here, he went to America where he found employment & has subsequently married.

4. As a necessity, he had to rent his home for a period of time to help pay the mortgage & now finds himself unable to sustain this property & manage financially overseas.
5. My son & his wife are both keen to live permanently in Australia & the only reason they are not here already is because they both have stable full time employment that is not available here—

which might pose another question—

6. Many Australians own multiple properties during their lifetimes without paying any tax—Paul's one & only property has been taxed unfairly.

The above taxes have no place in society, they are socially ethically & morally wrong & are totally UN Australian.

That is just one example of an unusual circumstance.

Mr Barry Collier: What about the GST?

Mrs JUDY HOPWOOD: I am not talking about the GST. I am talking about vendor tax.

Mr Barry Collier: That is unAustralian.

Mrs JUDY HOPWOOD: Yes, well, I am talking about vendor tax. The headline on the front page of today's *Sydney Morning Herald* says, "Deficit rings the tax rise alarm". Andrew Clennell's article reads:

The Premier, Morris Iemma, has refused to rule out raising taxes to help rid the State Government of its growing budget deficit.

His position stands in contrast to remarks he made after axing the vendor tax last month—that it would cover the resulting \$358 million hole in revenue not by raising taxes but by making the public service more efficient ...

He ... blamed the state's financial position on the Federal Government, saying the budget had gone into deficit because of an unfair allocation of GST funds. He also claimed the interest rate rises allowed by the Federal Government had caused a decline in the NSW economy.

"The state's budget is under pressure," Mr Iemma said. "The principal reason it's under pressure is because of the GST. NSW taxpayers send \$13 billion to Canberra and get \$10 billion back."

He refused to give an assurance to the Opposition Leader, Peter Debnam, of no new taxes. "This Government's approach is always to keep taxes as low as possible ... "

This statement does not reflect the reality. And the first decision of the new Premier was to scrap vendor duty. There is a lot of hypocrisy in those statements. We are in wonderful economic times federally, and the only problems with the economy for this Government is its own mismanagement and its introduction of extremely unfair taxes. I conclude my remarks by making a statement about the poor dwelling commencements figures for New South Wales compared to the other States. New South Wales has been embarrassed by Victoria and Queensland in new dwelling commencements figures. They show a continuing legacy of Labor's crippling high taxes, which have created investor uncertainty in the New South Wales building and property sector. No doubt it will take a long time to recover despite the removal of the vendor tax. This is hypocritical legislation. The tax should not have been introduced in the first place. Many people have paid thousands of dollars in vendor duty and they must now be feeling extremely sore and sorry for themselves. Members on the Government side have not represented their constituents well at all.

Mr GREG APLIN (Albury) [9.02 p.m.]: As I watched the Premier introduce this rushed piece of legislation yesterday afternoon I was reminded of a performance I attended last Friday evening. It was a fine presentation of that much-loved musical, the *Pirates of Penzance*, and I congratulate the students and staff of Trinity Anglican College in Albury. The reason I was reminded of this performance was that we had before us in the House the very model of a modern Premier as constructed and presented by the Labor machine, and he was stretching our credulity and spinning a pirate's story.

Let us trace this story back to 6 April 2004 and to the arrival in this House at 11.05 a.m. of the then Treasurer, Michael Egan. Let us count him as the first to depart the stage. Like any retiring pirate he went fishing. But back to the fray: the Treasurer trod the boards of the people's House and defiantly declared he had a Labor package that was big and bold and fair. "Above all it is fair," he reassured his crew and the people of New South Wales. Plunder was in short supply so the Treasurer announced expenditure cuts and savings. He introduced a 2.25 per cent duty on the sale of properties except for a person's principal place of residence and farms. He abolished the land tax threshold and made extravagant promises to hospitals, railways and schools. Then—crafty old salt that he was—he took a Liberal-Nationals policy on board and abolished stamp duty for most first home buyers.

Who was to pay for all of this, he was asked. Those years of guiding the good ship of state had paid off for him and as he was preparing to jump ship in any case he could reply with a smirk, "It is actually you and me. We will pay for it." He went on to say that an overheated property market is only good for people like him—people who, besides owning their own home, had also made good profits by owning an investment or second property. "We've made profits on our property investment, so I believe we can afford to pay a 2¼ per cent stamp duty when we sell the property," boasted the Labor Treasurer. Obviously the rest of the crew had discussed this excellent idea of the Treasurer's in caucus and agreed to foist it on the unsuspecting mums and dads and businesspeople of New South Wales. The model Premier in the making was a senior Cabinet Minister and he was part of the crew to welcome this new tax and defend it against all critics.

But this story of musical chairs on the pirate ship was only just beginning, for in typical last-minute fashion for this tired old crew the legislation had yet to be drafted. Treasurer Egan told us that legislation for the new duty would be introduced in May and the new duty would apply from 1 June. But he said that during drafting of the legislation, consultations would be held with the property industry to prevent any unintended effects and to maximise administrative efficiency and simplicity. He was not only pulling your leg, he had yanked it off and replaced it with a wooden one because this legislation was going to need a lot of legs—not to mention a few well-crafted steel claws. Our pirate king could not resist putting his claw into the wealthy States of Queensland and Western Australia, accusing them of sponging off the people and taxpayers of New South Wales. Funny that the modern model Premier was happy to go along with the term "sponge" back then but went off his tree yesterday when the Opposition leader substituted the word bludger. It is funny how times change.

On 23 June this year a new bill was introduced by the Opposition. It was titled the Duties Amendment (Abolition of Bob Carr's Vendor Duty) Bill and it carried through the stated policy of the Liberal-Nationals Coalition to abolish Labor's 2.25 per cent vendor duty. Unlike the one-eyed, parroting crew in Government with their hooks into the mums and dads and businesspeople of this State, we knew of the pain and the effects this vendor duty would bring. We could tell it was destroying the economy. We saw the loss of jobs in the construction sector, the loss of value in houses and properties and we saw a flight of investment capital to other States. Unlike the Labor Party, we knew that teachers and insurance salespeople owned investment properties, that electricians and secretaries owned investment properties, that even hardworking young people were buying investment properties to build their wealth or to provide for their retirement. We believe that people should be encouraged to invest in their future and encouraged to do better, but this Labor tax punished people and deterred them from investing in property.

One brave soul among the pirate band spoke out on the vendor tax. The honourable member for Blacktown said it worried his constituents, it worried him and it was a bad tax for his Government. He pointed to trouble in the building industry, the loss of opportunities and the effect on economic flow. He stated, "This tax makes New South Wales, in my opinion, a poor choice for an investor." Brave words but he had to make sure his tyrannical masters, including the current Premier, realised it was only his opinion. The honourable member for Blacktown said exactly what we had been saying, that investment was moving out of this State and that the vendor tax was losing the New South Wales Government revenue. He also put paid to that story put about by his masters that they needed the vendor tax to pay for the abolition of stamp duty for first home buyers. He said:

We keep saying that we need the vendor tax to pay for the first homebuyer, to pay for no stamp duty. No money is required to fund the first homebuyers scheme because the Government is merely foregoing a small amount of income from stamp duty and mortgage duty not paid by a first homebuyer.

Even that well-travelled member of another place, Eddie Obeid, was on record as saying that the vendor tax was killing investment and seriously hurting Labor voters. That was the key. It was hitting small time investors, working families and tradespeople who were financing their retirement. It was a dumb tax introduced by this Premier's colleagues. Now that two Treasurers have set sail into the sunset and abandoned ship, and the former helmsman has taken his booty and departed the scene, it was up to the machine men to manufacture a model Premier with modern stories for the people of New South Wales. The play was scripted. A long winter recess was made longer than usual to allow the former captain to depart, and the press gang found their man.

While the new captain was settling into his larger cabin, the machine brought out the draft legislation for his first declaration. Fancy that! It was to be a very simple piece of legislation, and it would be all ready for the first day of Parliament. What a happy coincidence! And the model Premier could undergo a career-changing conversion from pirate to major general; he could now admit that the vendor duty was "a psychological impediment on investment in New South Wales" and that "the abolition of vendor duty should assist in boosting the level of investment in this State and lead to an increase in building activity".

With his former hooks firmly crossed, he had the front to say that the abolition of vendor duty was supported by stakeholders, the Real Estate Institute, the Property Council and small investors—essentially, all the people who had so roundly criticised his Government for introducing this very tax. And now this model Premier feigns surprise at the support. What hypocrisy! He calls the bill a sensible step. Does that mean that it was a non-sensible step to introduce the vendor duty? Or is this all a nonsense to promote his authority? At least Premier Iemma is on the right track now. He is implementing Opposition policies, so we should be kind. And, as befits a theatrical presentation, we should applaud the Duties Amendment (Abolition of Vendor Duty) Bill.

Mr ANDREW FRASER (Coffs Harbour) [9.12 p.m.]: This bill corrects one of the worst mistakes the Labor Government has made—as the honourable member for Blacktown would appreciate. Some 63 per cent of investment in the electorate of Coffs Harbour is from investors. The real estate market in Coffs Harbour was bolstered by sea change people who came to the North Coast and were investing in properties, which they then leased out.

Mr Gerard Martin: Which investors do!

Mr ANDREW FRASER: Bundy Bear over there interjects. He should tell us about the Department of Housing program, which the Government sold him out on, though private investors have made over half a million dollars. He has not opened his mouth on that. This Government is the most morally corrupt government this State has had in a century. It has had the largest incomes ever experienced in this State. But what have we got to show for it? Nothing. Investment on the North Coast of New South Wales has disappeared. Real estate agents have laid off staff. Families have had to give up their mortgages. Firms have had to close because of legislation that placed a vendor duty on investment properties.

Mr Gerard Martin: Not in my electorate.

Mr ANDREW FRASER: The honourable member for Bathurst says, "Not in my electorate."

Mr Gerard Martin: Not one real estate firm in my electorate has had that problem.

Mr ANDREW FRASER: As shadow Minister for Small Business, I would be interested in speaking to businesses in the Bathurst electorate about what his Government has done to them over the past 10 years. The legislation before the House corrects a mistake that the Labor Government made. The dastardly part about the legislation is that Bob Carr, after investing in New Zealand and before retiring as Premier of New South Wales, discussed the prospects of his retirement with Mr Arbib of the Labor Party.

Mr Gerard Martin: Rubbish!

Mr ANDREW FRASER: Rubbish? It is in the papers. Mr Arbib knew that Mr Carr was going to retire, and Mr Arbib, Cabinet and others knew that they were going to abolish the vendor duty. But did they decide to announce the abandonment of that tax? Did they decide to bring the abolishing legislation before the Parliament as soon as they could? No, they did not. They decided that Morris Iemma, the new Premier—

Mr Gerard Martin: It is pronounced Yemma, actually. But it is late at night, when I know the honourable member has problems.

Mr ANDREW FRASER: I am talking about the way he speaks, not how he pronounces his name. It is I-am-er, I-am-er, I-am-er, or Ee-em-a. But the Premier of this State, or Bob Carr, decided that the new Premier needed a boost. What he did was rip \$60 million out of the pockets of some New South Wales investors in the period since Cabinet, Arbib and Carr decided that this tax would be abandoned. That is \$60 million that the Government has taken from mum and dad investors in New South Wales, some in the Coffs Harbour electorate but everywhere else, simply to promote a new Premier when Bob Carr decided to retire as Premier and invest in New Zealand.

There are also rumours about the Premier investing in the western suburbs of Sydney and reaping huge profits. I will be interested to know whether any members on the Government benches will be prepared to defend the Premier reaping huge profits from real estate investments that he has made in the western suburbs, because those will come to light. Those investments will come to the surface, and we will know about them prior to the 2007 election. Though the Premier was prepared to take 2.25 per cent on huge profits that he had on the basis of promoting a Premier, Mr Iemma—I-em-er, I-em-er, I-em-er, also known as Yemma—he decided

that he would withhold this legislation until such time as the new Premier came into this Parliament. I listened to the debate and heard the honourable member for Miranda who, by his interjections tonight, claimed that this State is owed \$3 billion—

Mr Barry Collier: Point of order: I never said anything of the sort! The member for Coffs Harbour should be directed to refer to the Premier by his correct name, which is Iemma. The member's name is not Frasier, the Premier's name is Iemma.

Mr ACTING-SPEAKER (Mr John Mills): Order! There is no point of order.

Mr ANDREW FRASER: Earlier tonight the honourable member for Miranda interjected and suggested a \$3 billion debt was owed to this State by the Commonwealth Government. I challenge the honourable member to come with me. I will go down and see John Howard. I will go to Canberra with the honourable member, and I will go down there with Morris I-em-er, also known as Yemma—

Mr Barry Collier: Will he give us back the three billion bucks?

Mr ANDREW FRASER: He mentions the \$3 billion again. Yes, I will go down to Canberra and put to the Prime Minister that that \$3 billion be returned. But we need an agreement by the States on how that revenue is to be split up by the Grants Commission for distribution to the States. First, people like the honourable member for Miranda and his Labor mates must put forward the formula that they require. I am sure Premier Peter Beattie and other Premiers will agree with what the honourable member for Miranda would put forward! He is disguising the fact that the Government's mismanagement of New South Wales in past years has been so poor that it has sent people broke, and its imposition of this vendor duty has sent mum and dad investors to the wall. New South Wales has a huge deficit, which Premier Iemma is yet to disclose to this Parliament. The honourable member for Miranda is trying to disguise that incompetence of his Government by claiming that the Federal Government owes the State \$3 billion.

The Commonwealth Grants Commission consists of appointees nominated by the States. Those appointees, if they want the formula changed, need to take their proposals to the Prime Minister and the Treasurer. As both have said in recent times, they will agree to any formula that is given to them by which to divide the money up between the States. But, no, the honourable member uses the \$3 billion argument as an excuse. It is an excuse for poor management. It is an excuse for sending small businesses and mum and dad investors to the wall. I would like to relate to the House tonight a couple of stories from my electorate. One is of a mum and dad investor, a sawmill worker and a laundry worker from Bellingen, who came to me absolutely aghast that they not only have the vendor duty but also the land tax.

These are two hardworking, lowly paid, blue-collar workers. This fellow, whom I will not name, said to me on the telephone, "I have voted Labor all my life. I thought Labor helped the battler." He told me that since buying the property on the North Coast land values had increased to such an extent that with two low wages—their wages combined would not meet half a parliamentary member's salary—they had to pay land tax. Because of the land tax burden this State had placed on him, he decided to sell the property. Then he realised that he would be taxed 2.25 per cent on the sale of the property, thereby losing money on two fronts.

They are the people the honourable member for Blacktown and other members of the Labor Party caucus identified as voting against the Government at the next election because of the land tax and vendor duty. The caucus sent a message to Bob Carr, but he ignored the message because he knew in February this year that he would retire. In fact, on his last day in Parliament he waved as he went out the door. He knew he would not be coming back. All of that has since been admitted. His policies and the policies of Michael Egan, Andrew Refshauge and Premier Iemma have hurt the battlers of New South Wales—the people the Labor Party purports to defend and support. Those battlers have been stoned by the Government with immoral taxes.

The Premier now cries that this bill is a godsend to the State of New South Wales. It is a little late for the real estate firms and small investors in the Coffs Harbour electorate who have already suffered. A business friend of mine in Coffs Harbour had to lay off four employees and ended up selling his business because it was no longer viable. Why? Because 63 per cent of the turnover of his business was from commercial investors, which this tax directly targeted. In a disgraceful manner, the Government cynically delayed the repeal of this tax until after Mr I-am-er, Premier Iemma, came to office.

Although revenue of \$60 million has been collected, the Premier will not ask for the return of the \$50,000 that Premier Carr spent on his lap of honour of the world prior to his retirement. We all knew he was

going. Morris Iemma, Craig Knowles and Carl Scully knew he was going. Anyone who was prepared to put money on it would have got very short odds. We all knew that Bob Carr would not come back to this session of Parliament. At the same time, he knew the legislation had to be repealed. Premier Iemma crowed to this Parliament that he was repealing the legislation because he had listened to the people. He had listened to the caucus, led by the honourable member for Blacktown, who told the Government that it would lose votes by the truckload at the next election if it did not repeal the legislation.

I send a message to the Government members who complain about the \$3 billion loss to the State from the GST. They have an opportunity to fix that anomaly by asking their Labor mates in other States to devise a formula that is acceptable to all the States of Australia. We know that will not happen. The people of New South Wales will remember this Government as the highest-taxing government in the State's history. This Government has received record revenues over the past 10, almost 11 years in office. Yet the State has nothing to show for it. Our water and road infrastructure has deteriorated. Our rail timetable has been delayed to convince travellers they are getting a decent rail service. Over the past five to six years the poor rail service has forced people back to driving cars and then they are charged exorbitant fees to park in the city.

The people of New South Wales will not be fooled by the doddering Premier, the new cardigan of this era, the Barrie Unsworth of our time. Come 2007 they will remember that this Government has penalised them heavily over 12 years in office and the Government will be repaid by a loss of votes at the ballot box at the next election. Despite the Government's current actions, it will not be resurrected. It will be ejected by the people of New South Wales, with just cause. The honourable member for Wyong, a Government member, has moved a motion on behalf of Belmont Golf Club. The Government has even failed to represent the people whom the honourable member represents so strongly. I commend the honourable member for Wyong for his representation of the members of Belmont Golf Club, who will be duded by developers with Labor Party connections. I commend him for his courage, but it is a shame that he has to do it by way of notice of motion and a private member's statement. I commend him for defending his constituents. But the Premier will not listen to the little people of this State. He will not listen to the mum and dad investors.

I commend the legislation to the House. However, I say to the Premier—who is also known as Mr I-am-er and as Moral Dilemma by people handing out papers in front of the Parliament this week—that the vendor duty legislation is an albatross around his neck. He was a member of Cabinet when the legislation was passed, and he will wear the consequences at the next election. The large-mouthed honourable member for Miranda will pay the penalty because his seat will be gone, along with a raft of others, when we come to Government in 2007.

Mr MICHAEL RICHARDSON (The Hills) [9.26 p.m.]: Like the Leader of the Opposition, I am astounded that it is necessary to speak to this bill, because the legislation that led to this bill should never have been introduced in the first place. The legislation has been an absolute disaster for investors in New South Wales. It has also been a disaster for the State Government because the amount of revenue that the tax was supposed to raise—\$380 million—was never realised. The Government only ever managed to claw in a little bit over half that amount because of the impact that Bob Carr's and Michael Egan's vendor tax had on the property industry.

Estate agencies in my electorate, who lobbied long and hard to get the vendor tax abolished, have told me that the industry is starting to recover. Whilst it is starting to recover, it is also the case that property turnover was decimated as a consequence of this legislation. One has only to look at recent figures from the Australian Bureau of Statistics relating to the investment property market to understand the impact of the Government's vendor tax. Finance for the purchase of dwellings for rent or resale by individuals for March 2004 to March 2005 in New South Wales was down 21 per cent. In dollar terms, that is \$558 million that was not lent and did not go into the New South Wales property market. That money went to Queensland and to Western Australia, which had a 23 per cent increase in property investment over that time. One of the more absurd things I have seen in my 12 years in this place was a Treasurer introducing a vendor tax at a time when the property market was already slowing. The market was slowing for a range of reasons: a couple of minor interest rate hikes by the Reserve Bank and a peak in housing prices in this State.

There had been a significant increase in prices over a sustained period but the market was levelling off. There was no need to use a sledgehammer to destroy it completely, but that is exactly what the Government did; that is exactly what Bob Carr and Michael Egan did. One did not have to be Albert Einstein to work out that sooner or later they would abolish the vendor tax. It really took sustained pressure by the New South Wales Coalition—the Liberal Party and The Nationals—ultimately to force the Government to see the error of its ways

and to see a little commonsense. It was not simply a matter of money not flowing into the property investment sector. It was not simply a matter of mum and dad investors losing a significant amount of money as a consequence of the Government's action. It was also the case that the building industry and jobs growth slumped. We now have an unemployment rate of 5.5 per cent—the highest in the country—higher than the national rate of 5.1 per cent. The vendor tax played a major part in that fall in employment.

Earlier this year Access Economics estimated that if the vendor tax were abolished New South Wales would secure a permanent tax revenue clawback of more than \$140 million a year, and possibly up to \$280 million. It is entirely possible that the abolition of the tax could end up being revenue neutral. We are talking about giving small investors, mum and dad investors, some hope for the future. We are talking about people who have bought a property not to wax rich and not to become, as some members opposite seem to think, multimillionaires, but to prepare for their future and look after themselves so that they do not become a drain on taxpayers in their retirement.

But this heartless Government did not seem to think that was important. This heartless Government wanted to slug them every which way. Earlier today when the Leader of the Opposition was speaking to the bill we had an example of the way Labor thinks when the honourable member for East Hills interjected to suggest that most property investors live in Vacluse. But that is not true. I have statistics from the Australian Taxation Office, which reveal that a number of property investors live in Vacluse, but that a higher percentage of property investors live in Concord and Haberfield. I hope the honourable member for Drummoyne is listening. Some 20.53 per cent of taxpayers living in Five Dock also have property investments.

I know this matter was near and dear to the hearts of my constituents because 19.77 per cent of the taxpayers of West Pennant Hills Valley, where I live, have property investments. In Castle Hill, which is also in my electorate, 18.17 per cent of taxpayers have property investments. Property investors are not restricted to north-western Sydney. Statistics from the Australian Taxation Office reveal that taxpayers living in Bexley, Lapstone, Croydon and Liverpool are high on the list of property investors. People across the State have invested in property to provide for their retirement. There is absolutely no way that any reasonable person could regard such people as silvertails, except the honourable member for East Hills and the left wing of the Labor Party.

Members of the left wing of the Labor Party are still living in the era of class warfare. They still think that anyone who votes Liberal or anyone who is a Liberal member of this place or a Liberal member of any Parliament in Australia must be a silvertail. The winds of change certainly came to Australia in 1996 when the Howard Government was elected. There has been a lot of talk about Howard's battlers, aspirational people who understand the need to save for their retirement. They are exactly the people that this Government, with its outrageous vendor tax, targeted. We do not oppose the abolition of the vendor tax. In fact, we suggested it. What we on this side really resent is that Labor knew it was going to drop the tax but delayed introducing it so it could collect another \$60 million from property investors who sold their properties as a consequence of the vendor tax. There is absolutely nothing the Government will not do to try to rake in some extra dollars. They have done it at the expense of ordinary mum and dad investors. On this side of the House we say to the Premier, "Give the money back."

Mr WAYNE MERTON (Baulkham Hills) [9.35 p.m.]: During the course of the day I have listened to a litany of speakers on the other side proclaim with great glee, satisfaction and pride this wonderful legislation and the great service they are doing for the people of New South Wales by removing this iniquitous and unjust tax. The very same people who are seeking glory today and praising themselves by saying what a great job they are doing are the people who, 12 or so months ago, imposed this tax. In other words, if the tax had not been imposed we would not have this bill.

It is true to say that when the tax was imposed the property market had stalled. The halcyon days of the property boom and rising auction clearance rates week after week had come to an end. The Government's timing was wrong. If the tax was to be imposed—the Opposition opposed it at all times and continued to oppose it—it was imposed too late because the boom had passed. There was no boom to stall. Instead the Government imposed a tax that had a grave effect on many thousands of small New South Wales property investors.

Not only did the Government inflict an injustice on property investors, it also caused great harm, distress, and damage to our economy, which has suffered greatly because of an unjust, iniquitous, and unfair tax. Investment property money that was to be spent in New South Wales went interstate to Queensland, Victoria and Tasmania—anywhere except New South Wales. The Government at least acknowledged the error of its

ways—the tax was a grave mistake—but that is not the end of it. The money we have lost from New South Wales is gone forever. We have dampened enthusiasm. We have made people in New South Wales frightened of the Government's policies on property tax. Unfortunately, the legislation will not allay those fears.

Honourable members who said today that the Government had done a great job by introducing the legislation should take note that they are praising the very same government that caused a grave injustice and made this tax possible as part of a budget. But it is even worse than that. Having imposed the tax and having seen its consequences on the property market they continued to try to justify it. They continued to prolong the agony by saying, "Yes, it is a good tax." They sought to justify the tax by saying it supported the first homeowners stamp duty exemptions.

I am concerned about plugging the gap. I am concerned about the recovery of revenue lost as a result of the imposition of this tax. The vendor duty was regarded as a dismal failure. It did not provide the revenue anticipated by the Government, because it simply killed the property market. As I said, the property market was already stalling but the imposition of this tax was the final nail in the coffin. The Government is financially strapped. It acknowledges that it has budgetary problems and will look very closely at the first home owner grant. I am concerned that this incentive for young people, this opportunity for them to purchase their first home, may well be in jeopardy as a result of an attempt by the Government to try to balance the books with the introduction of this legislation.

It is legislation that the Opposition supports, absolutely supports. It has said from day one that it will support the legislation. The Opposition opposed the introduction of the vendor tax from the beginning and has been utterly consistent that it will abolish it. The Opposition restates its view that this tax was bad at the beginning and continued to be bad. It had a disastrous effect on investment in property in New South Wales. It drove many people out of the property market and, in the view of the Opposition, cost millions of dollars in lost revenue. It was fundamentally flawed. It was not difficult to appreciate that discouraging people from buying real estate would result in a loss of stamp duty on potential purchases. It was inevitable that the longer this tax remained on foot, the less money that would be received by way of revenue because the investment property market would have dried up and stamp duty would have been lost.

It is no coincidence that people describe this as "the world's dumbest tax". The Opposition believes that this legislation is long overdue. It is tragic that the Government prolonged it for so long and deliberately sought to justify the tax, knowing that Government members opposed it. We have heard Government members say, "We opposed this. We did not support it. We thought it was bad." I simply pose the question: When it came to the vote, why did you not oppose it then? It is all very well to go into their party room, put up your hands and say, "We do not like this, Premier. We are going to lose our seats." Honourable members opposite had an opportunity to oppose it and did not. The tax came into being because every member of the Government supported it. The Coalition says that abolishing the vendor duty is the right thing to do. We have always wanted it abolished and the Government's decision is long overdue. It was a flawed tax, a dumb tax, but at least the Government has acknowledged the error of its ways. I guess that, if there is any credit to be given, the Government deserves credit for that, but very little credit.

Mr GRAHAM WEST (Campbelltown—Parliamentary Secretary) [9.43 p.m.], in reply: Before commending the bill to the House, I would like to address two points. Firstly, the Government's decision to abolish vendor duty from the date the Premier was appointed—the first date available to him—was the only fair approach available to the Government. Simply, the Premier was not entitled to make the announcement before he was appointed. The liability for vendor duty arises when the agreement is first entered into, in other words, when contracts are exchanged. Prior to 2 August the parties would have concluded a price that took into account the effect of vendor duty if it applied to the contract.

Consequently, for the sake of fairness and equity, any change in the law subsequently announced by the Government, such as its intention to abolish vendor duty, should not unilaterally alter the position of the parties. If vendor duty were abolished for all contracts exchanged but not settled, the vendor would receive an unfair windfall. Similarly, it would produce unfair results. For example, two contracts exchanged on the same day but settled on different dates—one before 2 August and one after—would result in different tax outcomes. Changing the rule to contracts exchanged but not settled would not eliminate the perceived unfairness of the law. It would simply change the group that, because of their circumstances, will miss out and consider the outcome unfair. I commend the bill to the House.

Motion agreed to.

Bill read a second time and passed through remaining stages.

SPECIAL ADJOURNMENT**Motion by Mr Carl Scully agreed to:**

That the House at its rising this day do adjourn until Thursday 15 September 2005 at 10.00 a.m.

The House adjourned at 9.45 p.m. until Thursday 15 September 2005 at 10.00 a.m.
