

LEGISLATIVE ASSEMBLY

Wednesday, 4th December, 1991

Mr Speaker (The Hon. Kevin Richard Rozzoli) took the chair at 9.30 a.m.

Mr Speaker offered the Prayer.

MARINE (BOATING SAFETY - ALCOHOL AND DRUGS) BILL

Bill introduced and read a first time.

Second Reading

Mr BAIRD (Northcott), Minister for Transport [9.31]: I move:

That this bill be now read a second time.

It is with great pleasure that I introduce this legislation, which represents a major milestone in this Government's campaign to reinforce safety on the waterways of New South Wales and which I foreshadowed to the House on 30th October, 1991. It is one of a series of reforms which have been initiated by this Government since it came to office in 1988. The key objective of the Marine (Boating Safety - Alcohol and Drugs) Bill is the enhancement of the safety of our citizens on State waters. The bill proposes the introduction of blood alcohol limits for vessel operators and provides for breath tests to determine whether an operator has reached or exceeded the prescribed limit. Breath testing will be carried out after accidents involving serious injury, death or property damage or where reckless, dangerous or culpable navigation gives reason to believe that operators are under the influence of alcohol or drugs.

Under this legislation, when a breath test indicates that a person has reached or exceeded a prescribed blood alcohol limit, the person will be required to undergo a breath analysis. Recognising the serious nature of breath testing, the bill provides that tests will be administered only by members of the New South Wales Police Service. However, action may also be initiated by officers of the Maritime Services Board who may instruct operators they suspect of operating boats under the influence of alcohol or drugs to stop or proceed to a certain place until the arrival of the police to conduct the breath test. The bill before the House strengthens the existing legislation in two ways: first, while it is already an offence to operate a vessel under the influence of alcohol or a drug, no blood alcohol limits are set, making enforcement difficult and in some cases virtually impossible; and, second, the existing legislation does not provide for tests for drugs to be carried out.

The proposed legislation is generally consistent with the Traffic Act 1909. The legislation provides that a person who operates a vessel for a commercial purpose and a person below 18 years of age who operates a vessel for a recreational purpose will have committed an offence if that person operates the vessel when he or she has a blood alcohol content of 0.02 grams per 100 millilitres or more. A person 18 years of age and over will commit an offence if such person has a blood alcohol content of 0.05 or more while operating a vessel for recreational purposes. Operators of commercial vessels have been set a limit of 0.02 because they provide public transport and other professional

Page 5493

services on the waterways. As professionals they need to be beyond reproach and they are not expected to consume any alcohol or drugs when on duty or just prior to commencing duty. This represents a major improvement in the management of our public transport system, where

the safety of fare paying passengers is always paramount. The level of 0.02 is consistent with the agreement between the States and the Commonwealth reached in the Australian Transport Advisory Council that there would be a uniform 0.02 blood alcohol limit applied to the drivers of passenger transport vehicles, including ferries.

A unique feature of the bill concerns the responsibility which lies with the master or person in overall control of a vessel. The legislation provides for such persons to be guilty of an offence if they allow another person to participate in the vessel's operation when they know that person to be under the influence of alcohol or a drug. This is an important provision in the bill. The background to this legislation is that, after assuming office, this Government embarked on a number of initiatives concerning the waterways, one of which involved constituting a waterways authority as a separate entity under a restructured Maritime Services Board. The authority was charged with the responsibility of focusing on the management and development of our waterways. This organisation, with its own board of directors drawn from wide interests in the boating community, was entrusted with ensuring that the needs of the boating public, improvements to the waterways infrastructure and environment and enhancement of boating safety were all given the high priority they deserve. These initiatives gained impetus as a result of the *N'Gluka* tragedy in 1990 when five children lost their lives. After the inquiry the Coroner recommended that consideration be given to the introduction of random breath testing on State waters. However, current accident data is insufficient to justify this measure and, recognising that most of the boating in this State is a leisure activity and that the pressures and problems which obtain on the roads do not occur in anything like the same degree on water, this Government decided not to introduce random breath testing at present. Once this legislation is in place, accurate statistics will be obtained progressively and it will be possible to review whether there is a need for random breath testing.

These proposals were the subject of wide consultation with boating organisations. I am glad to say that the majority of such organisations supported the measures and, when the Government announced its intention earlier this year to introduce such legislation, it was received positively by the public at large. There is no doubt that safety on the water will be improved for those who use vessels to earn their living as well as for those who are involved solely in recreational boating. For too long there has been no real control over blood alcohol limits. In summary, this legislation is the result of a process of detailed consultation and careful preparation. I am appreciative of the support it has been given by the boating community and am grateful for the positive assistance I have received from my colleague in another place the Minister for Police and Emergency Services, whose officers will enforce it. I am convinced that the measures now being introduced by the Government will lead to fewer deaths and injuries on our waterways and I believe that the great majority of New South Wales boaters will applaud this latest initiative in the area of public safety. I commend the bill to the House.

Debate adjourned on motion by Mr Langton.

WATER BOARD (AMENDMENT) BILL

Second Reading

Debate resumed from 14th November.

Page 5494

Ms ALLAN (Blacktown) [9.37]: The Opposition supports the Water Board (Amendment) Bill. That should not come as a surprise to the Minister for Housing. A number of allegations were made in the Chamber last night in the debate on the Hunter Water Board corporatisation. We heard over and over again that the Opposition does not support corporatisation.

[Interruption]

Ms ALLAN: We are still hearing that argument in the form of the bleating from the honourable member for Gosford. It is an indication of the Opposition's support for corporatisation that it is quite enthusiastic about this bill. We certainly agree with the need to involve the private sector, where possible, in the provision of infrastructure for New South Wales water boards. In his reply to the Budget the Leader of the Opposition indicated that the Labor Party's proposal is to achieve greater involvement of private sector resources in the provision of public infrastructure. However, the Opposition believes that the Government must live within its means. This involves restraint in both recurrent and capital expenditure. This bill will help achieve this goal. The Water Board has been the subject of criticism over the past few years, and even in the last few weeks in the lead-up to summer, for its poor record on environmental pollution and, in particular, beach pollution. Various sections of the water industry have criticised the board for not being receptive enough to new and innovative Australian water treatment technology. It is a constant surprise to me that, despite the huge public relations budget within New South Wales water boards, at least one company, Memtec, has been consistently able to do over New South Wales water boards in its ability to get its message to the media and the community. No one believes New South Wales water boards when they say that they support the introduction of new and innovative Australian water treatment technology and that they will provide financial support through contracts that will eventually be entered into, but everybody believes Memtec when it says that it is getting a rough deal from the Water Board. It certainly counsels the Minister to somehow or other get those highly paid officers within the public relations section of the Water Board to get their act together and start getting the message across if the Water Board is sincere about setting up some decent procedures for encouraging Australian-based and innovative technology.

At the same time as the Water Board has been experiencing this criticism it has been under increasing pressure to review its pricing policy. During the past three years both business and household consumers have been subjected to a never-ending cycle of price increases. The answer to both these problems is to ensure that the most efficient and environmentally sensitive facilities are available to the board for use in its provision of services. The 20-year business plan of the Water Board requires \$12 million worth of new capital expenditure. To fulfil future capital expenditure requirements the Water Board requires the provision of private sector resources. The private sector will build, finance, own and operate the facility. The Government may purchase the project back from the contractor if the need arises. The principle behind the bill is simple. If the Water Board is to enter into contractual arrangements with private enterprise, it must be suitably empowered by legislation to do so. At present the Water Board Act is ambiguous with regard to the provision of infrastructure by the private sector. There is a danger that the Water Board may be acting *ultra vires* by entering into contractual agreements. Private investors will not commit money to infrastructure if they fear an unfavourable interpretation of the legislation from a court which will invalidate the contract.

The recent *Hammersmith v. Fulham* case in the United Kingdom is an example of that. In that case the court found that the relevant legislation did not provide the

Page 5495

government body with the authority to enter into the project. Because of that decision bankers and financiers must be completely satisfied that the government authority - in this case the Water Board - is acting lawfully and consistently under the empowering legislation. In addition to ensuring the validity of such a contract between the Water Board and the private sector, provision is made for the contractor to benefit from various tax incentives. Only large and expensive projects provide the necessary guaranteed return and appropriate tax incentives to attract private investors. As the projects are large, companies may require guarantees from the State of the Water Board's obligations under the contract. The amendments in the bill are designed to remove any doubt as to the capacity of the Water Board to enter into arrangements with private contractors. The Minister for Housing may express surprise that the Opposition is

prepared to work with the Government to facilitate the establishment of proper arrangements with private contractors.

Mr Merton: That is a change of heart.

Ms ALLAN: It is amazing that the honourable member for Baulkham Hills is still able to use his voice after his inane interjections last night. He claims the Opposition has had a change of heart. It has not had a change of heart. The Opposition supports proper attempts to implement rational practices in the Water Board. The Opposition is not interested in rorts, abuse and misuse of private contractors. We are interested in and committed to establishing proper standards so that appropriate arrangements are entered into with private contractors. The bill amends section 12 of the Water Board Act 1987 to clarify the power of the board to enter into contracts. We all know what the Water Board has been up to but contracts must now be properly entered into. The Labor Party supports the additional qualification requiring ministerial approval before the board enters into a contract. Even if a weak Minister is responsible for the Water Board, as is the case at present, ministerial approval is still necessary.

Mr Morris: Get off!

Ms ALLAN: The honourable member for Blue Mountains is becoming outraged. A totally unnecessary \$100 million tunnel is being constructed in the Water Board area of the Blue Mountains because the Minister has not been prepared -

[*Interruption*]

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

Ms ALLAN: I am keen for the honourable member for Blue Mountains to participate in the debate. We read a lot in the *Blue Mountains Gazette* about his commitment to facilitating the delivery of water services to the Blue Mountains. However, he contributes very little to debate, apart from a few inane interjections. A tunnel is being constructed in the Blue Mountains area which would not have been needed if innovative technology had been applied.

[*Interruption*]

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

Ms ALLAN: I am looking forward to the honourable member for Blue Mountains participating in the debate. If an innovative approach had been taken by the Water Board, funds which have been misspent on a tunnel in the Blue Mountains, which

Page 5496

will probably be unnecessary in the long run and will not provide the promised solutions, would not have been expended.

Mr Morris: What would you know?

Ms ALLAN: There he goes again. Interjections such as that are the reason the Opposition wants the honourable member for Blue Mountains to contribute to the debate and demonstrate that he is able to string more than two sentences together. Section 13 of the Water Board Act ensures that the board has the power to contract out its functions to private contractors. The present provisions contained in section 13 prohibit parties such as contractors from exercising the powers of the board. The amendments to section 13 will ensure that these

provisions do not affect private contractors to whom the board has contracted out the provision of its services. The Water Board Act gives the board power to enter land to carry out its services. It can also break up roads, sewers and drains. In those circumstances the board must adequately compensate for any damages done during the performance of its functions. The bill amends sections 15 and 17 of the Act to confer these obligations on private contractors. The contractors will be allowed to enter premises and break up roads only if they are providing the services they have been contracted to perform. The board will remain liable for compensation and costs for damages caused by a private contractor while exercising these powers. However, under the contractual arrangements the board can recover these costs.

The Opposition is constantly concerned about the ability of the Minister for Housing. In particular we are concerned about his ability to enforce the contractual arrangements. Ultimately it will be the Minister's responsibility to ensure that the Government is not short changed and that private citizens are compensated. Section 55 of the Act provides for the forced acquisition of land. When land is acquired it can be transferred to a private contractor to construct, maintain and operate various works. The Opposition supports the need for ministerial approval for the compulsory acquisition of land. The Minister must ensure that the land is used only for the purpose of fulfilling the contract and not for other commercial gains. Resources for the provision of infrastructure are provided at present by user-pays charges such as pollution fees or funding through operating revenue or taxes. The alternatives to private sector investment in infrastructure are increased taxes and charges or increased debt. Despite the Government's talk about large pollution fines, little revenue has been raised.

The Government is so embarrassed about the lack of revenue raised that the Minister for the Environment, the Minister formerly responsible for the Water Board and the colleague of the Minister for Housing, did not have the courage to table in Parliament the latest report from the State Pollution Control Commission. He sneaked up behind the desk and handed it to the Clerk. That report confirmed what I have just said, namely, that the Government has not been able to obtain the money it promised it would receive from the million-dollar fines under the Environmental Offences and Penalties Act. The Government's commitment to financing through the user-pays system seems to stop when it comes to the big polluters. Revenue from fines and fees will not raise the funds required to ensure that the necessary works are carried out. Those comments lead me to the interesting question of why the Water Board has been unable to expend the money it is receiving from the present environmental levy. Perhaps this legislation will facilitate that process. The Opposition is right behind the Government's attempts to expend the funds it is collecting from Water Board ratepayers on important environmental protection works. The Opposition would love to see the Government spend the money and not merely sit on it while it earns interest.

Page 5497

Mr Schipp: You are very economical with the truth.

Ms ALLAN: The Minister cannot even use the right word. It is "economic". The Minister alleges I am very economical. The Minister should look at my household budgeting and my housekeeping talents. I am very economical. The Minister should undertake one of the literacy courses the senior managers at the Water Board have been sent to.

Mr McManus: And speed reading.

Ms ALLAN: And speed reading. The Minister should undertake the literacy, numeracy and speed reading courses that the senior managers at the Water Board are being sent off to do instead of employing consultants which cost the Water Board ratepayers a huge whack. If he did that, perhaps he would be able to speak properly. The Government's

preferred option is to pass the increase on to ordinary families through increased taxes and charges. It prefers to do that rather than to use the money that has already been collected. The Government's habitual financing - it is like a drug addition - of its waste and mismanagement through increased taxes and charges is not acceptable to the Opposition. The Opposition has estimated that from 1988 to 1991 the average increase in household water bills was a massive \$168. This financial year average families suffered a further \$20 increase. This came in the form of average household water charge increases of 5.2 per cent immediately after the May 1991 election. Despite a bogus election pledge by the Premier, the increase was higher than the consumer price index. Despite this legislation, the Water Board has already forecast a dramatic increase in charges when the economy improves. According to the board, this increase is needed to fund future capital works projects. The Labor Party will ensure that the provision of infrastructure is maintained but that it will not be paid for by bumping up the cost of water every couple of months. Capital works should be funded within departmental budgets or through the private contribution that this Act facilitates.

There is evidence that the State Government has cash reserves for Water Board projects. The Water Board estimates it will collect more than \$400 million in trade waste charges from industry, but because of this Government's mismanagement the funds will remain idle in bank accounts, attracting only a nominal rate of interest. The Minister must assure the House that the contracting of infrastructure and services to private contractors will not result in increased prices. One does not have to be a genius to realise that the Minister, in his reply on the second reading, will not be able to give that assurance. It is his responsibility to keep the prices at a reasonable and satisfactory level. The Labor Party warns the Minister that this bill is not a licence to replace existing Water Board employees with contractors, even though the Minister loves contractors. This is not a licence to do that. It should go without saying that a government that has already broken more than 200 promises since it came to office in March 1988 would think nothing of sacking workers in a secretive and sly fashion. I note that the Opposition has consulted with the relevant union, the Australian Services Union, in relation to the import of the bill. Though the union has some criticisms of the bill, it is prepared to give its support to the Government.

The union is appreciative that the Government has given a commitment - or certainly the Water Board management has given a commitment - that the work force employed by private companies on long-term contractual arrangements will be able to enjoy union coverage. That is a proper commitment from the Water Board. I request that the Minister assure the House that contractors will be used to provide new infrastructure and services and not to replace existing jobs. Massive downsizing has

Page 5498

already occurred within the Water Board. This is not an opportunity for that to continue just for the sake of it. The Opposition agrees with the need to involve the private sector in the provision of infrastructure. At the same time it rejects the funding of further projects through increased taxes and charges and increased debt. The Opposition will support the passage of this bill through the House. It does so not because of the eloquence of the Minister for Housing but because the bill is a step towards allowing private sector input into the Water Board's infrastructure in the hope that it will allow for a considerable and desirable improvement in the provision of services to consumers and increased environmental awareness.

Mr MERTON (Baulkham Hills) [9.55]: I support this legislation because I believe it is a very important step for the people of New South Wales, for whom the Water Board carries on vital activities. If Sydney's expansion over the next 20 years occurs at the anticipated rate, it will be difficult for the Water Board to supply the necessary water and sewerage infrastructure for that growth in economic terms and within the time constraints imposed by the need to avoid possible environmental degradation. It will also be difficult to provide drinking water of an acceptable quality to the community. Sydney's drinking water is among the best in the world and has an international reputation as safe water. Unfortunately it is becoming increasingly difficult to meet consumer demands for higher standards. The Government understands that

and has no problem with those demands being imposed by consumers. The Water Board's large capital expenditure program of approximately \$12 billion over the next 20 years can provide these essential services, but that will be at the expense of other necessary works. These works must be accorded a priority which reflects their urgency but not necessarily their importance. The reality is, whether we like it or not, community demand is for the urban sprawl to continue. There are always people who want homes on parcels of land as opposed to medium-density development.

Ms Allan: Especially in your electorate.

Mr MERTON: I will deal with that later, and I thank the honourable member for reminding me of it. These situations could be alleviated if the Water Board could count on long-term private sector involvement to relieve it of some of the up-front financial and administrative burdens as a result of the demands of its stakeholders and customers. The flow-on effect of such private sector involvement will be that the Water Board could implement further microeconomic reforms and that will lessen the burden on public funds and lead to more realistic price setting mechanisms. Other advantages of private sector involvement include the financial saving that will result from increased efficiencies in an internationally competitive market; the opening up of avenues for new technology; and the opportunities to utilise new management skills and operating procedures. I should like to emphasise that the Sydney Water Board and its private sector partners, most of whom are to some degree Australian companies, are world leaders in investigation into innovative technologies for sewage treatment. I need only mention the innovative approach of Australian companies such as Memtec with its membrane filter system and the BHP consortium with its magnetite proposals to illustrate that Australian companies are at the forefront of significant scientific breakthrough in the capture, disposal and treatment of sewage.

Unfortunately in the water treatment area Australian technology has not developed the expertise and innovative practices sufficient to cope with ever increasing demands for increasingly higher standards from Water Board consumers. Consequently the board is taking the approach - and this Government believes it is the most cost-effective approach - of using technologies developed overseas. Why duplicate the effort

Page 5499

and spend money unnecessarily? I wish to add that these technologies are being refined by both the Water Board and the private sector to be more suitable for Australian conditions. I emphasise the point made earlier by the Minister for Housing that the Water Board will take full responsibility for the services provided to customers through the use of the private sector. It is not opting out of its essential responsibility and it will assume and retain overall control and responsibility for the provision of services. All private sector infrastructure proposals involving construction, ownership and operation will first require the approval of the Minister. Contrary to what was said by the honourable member the Blacktown, the Minister is indeed competent, is well aware of the problems, and has done an outstanding job for the Water Board during his short term in office.

Mr Schipp: I agree.

Mr MERTON: The Minister agrees. It is essential that he does agree and that might be noted. There will be no lessening of responsibility on the part of the Water Board. There is no contemplation of the Sydney Water Board not being ultimately responsible for the quality of water, waste water, and stormwater services provided to its stakeholders and customers. The residents and future residents of Sydney, the Illawarra and the Blue Mountains can be assured that their interests are being protected.

Mr McManus: Do not mention the Illawarra; it is a disgrace.

Mr MERTON: The honourable member is a disgrace, not the Illawarra. Major projects which at present involve the private sector to some degree include the Water Board's drinking water quality program, the Rouse Hill urban development project and the Blue Mountains sewage transfer scheme. The honourable member for Blue Mountains, who is an outstanding man for that area, will speak about the Blue Mountains transfer scheme. The honourable member for Blacktown does not like my saying that. The honourable member for Blue Mountains beat the Labor candidate in 1988. Labor thought it would win back the seat in 1991. Again the result was a disaster for Labor because the people of the Blue Mountains knew they had a good member and they rejected the Labor candidate. The honourable member for Blue Mountains even beat a Labor Minister, who was a disaster. The people of the electorate have made a very wise choice in the present member. With regard to the drinking water quality program, water treatment plants are to be constructed at Woronora, Avon, Macarthur and Prospect. I am certain that the members who represent those areas will be very pleased about those programs because they have a genuine concern for their constituents. The Government is taking positive steps to improve the quality of water in those areas, which cover the major part of the metropolitan area. A particular advantage of the new water plant at Woronora - I would imagine some honourable members opposite would be interested in Woronora - is that people in the electorates of Miranda, Bulli, Cronulla and Sutherland will benefit. It is very good to see the honourable member for Bulli here this morning. I give him the good news that the new water treatment plant at Woronora will improve drinking water standards in his electorate.

Mr McManus: I will tell you all about Woronora and the filthy water at Engadine that this character, the Minister, cannot clean up.

Mr MERTON: The honourable member is objecting now but I am certain that he does not mean what he says. This is often the case with him. Woronora, Avon and Macarthur will also have trunk mains, tunnels and pumping stations constructed. The Water Board systems currently supply an average of 1,900 megalitres of water per day.
Page 5500

Their peak capacity at the moment is approximately 3,500 megalitres per day. It is estimated that with the new plants the capacity will be increased to 3,660 megalitres per day by 1998 and 5,220 megalitres a day by the year 2020. The four plants will then be supplying 95 per cent of Sydney's total water. The benefits of these new water treatment plants will be enormous but their estimated costs are just as great. This is why this legislation has been introduced. It will enable the private sector to be involved in contractual arrangements with the Water Board without the possibility of any ultra vires action being launched and the contracts being found to be defective because of a lack of contractual capacity of the Water Board.

The Prospect plant will cost about \$285 million, Woronora about \$44 million, Avon about \$85 million, and Macarthur about \$132 million - a total of about \$550 million. This Government is all about providing better services for the people and using private sector involvement. This is a typical example of the progressive microeconomic reform that the Greiner Government has embarked upon since it came to office in 1988. When expression of interests were circulated amongst the private sector for involvement in the construction of these plants 17 consortia applied and five have been short listed. It is anticipated that detailed tender proposals will be submitted by the consortia by May 1992. It is hoped that Avon, Macarthur and Woronora will be commissioned by late 1994 and Prospect by 1998 - well in time to cope with Sydney's expected expansion. I now turn to an area very dear to my heart. I understand that the honourable member for Blacktown recently attended a meeting at Castle Hill. I think one of the organisers of the meeting was the former campaign director for my opponent at the last State election, Mr Bert Hersch. Unfortunately he did not invite me to the meeting. I understand that as well as the honourable member for Blacktown he invited the honourable member for Londonderry, who is a constituent of mine: he lives at Winston Hills. One or two other notables who shall remain nameless attended the meeting.

Mr Schipp: You cannot select your constituents.

Mr MERTON: That is right. The honourable member for Londonderry made a very wise choice. The member for Blacktown has been in the Rouse Hill area beating the drum and whipping up the people. Those who attended the meeting who were not involved in the ALP and the people who did not come from Doonside and Blacktown - of course Doonside has very little to do with Castle Hill, but that is another issue -

Ms Allan: Snob.

Mr MERTON: That is not true. I have a very high regard for the people of Doonside. My point is simply that the people from Doonside would not have an active involvement in the northwest sector; neither would they have an active involvement in what happens about transport in The Hills. People at the meeting were complaining about transport in The Hills. I understand that the honourable member for Blacktown is on record in this Chamber as opposing the F2 expressway, which is a vital part of the transport system for The Hills.

Mr McManus: On a point of order. The honourable member is straying from the bill by speaking on transport issues when he should be talking about the Water Board. I would ask you to draw him back into line.

Mr SPEAKER: Order! The honourable member for Baulkham Hills is straying somewhat from the leave of the bill. Whilst he may make passing reference to other matters, I ask him to direct his attention back to the bill.

Page 5501

Mr MERTON: Mr Speaker, I do not intend to pursue that subject and I accept your ruling. In relation to the Rouse Hill northwest sector, this legislation will allow a consortium of private landowners in the Rouse Hill development area initially to fund and project manage the provision of infrastructure to the area. This will relieve the Water Board of the financial burden of servicing an area which may not be developed for many years and on which costs cannot be recouped until then. It will probably take 30 years for the northwest sector to be fully developed. People are talking about instant schools, instant kindergartens and instant facilities there.

Mr McManus: You promised them all that at the last election.

Mr MERTON: They will be there when the people are there.

Ms Allan: Rubbish!

Mr MERTON: Just wait and see. It serves the honourable member's purpose to say that. The Rouse Hill consortium, because of its vested interest, will ensure that the area is developed and sold and the costs are recovered quickly. The Water Board will then buy back the infrastructure over a number of years. It should be noted by honourable members that the consortia involved in all these proposals contain a significant number of Australian companies, usually as the senior partner. I shall mention the name of some companies, which honourable members will easily recognise - Theiss Watkins, Transfield, Snowy Mountains Engineering Corporation, CRI, Kinhill, Lend Lease, Civil and Civic - to demonstrate the faith that major Australian companies have in the Government's innovative infrastructure, management and operation proposals. Their continued involvement is, however, largely dependent upon the passage of these amendments to the Water Board legislation. In fairness to the Opposition I note that it accepts the amendments. Private sector involvement in these types of major projects is the only practicable way of realising them in a timely and cost-effective manner. It should be clearly understood that these major projects, which have a long time frame of up to 50 years, will go ahead only with these amendments.

The private sector needs specific legislative assurance that the board is permitted to contract out both construction and other activities including operation, maintenance, the transfer of water and wastewater, the ownership of facilities and the like. The private sector needs to have such necessary long-term contractual arrangements guaranteed by legislation because of the enormous amount of money involved, which can make these ventures seem risky propositions. This legislation is not a backdoor way of privatisation of the Water Board. The board will remain the overseeing authority. The regulations and standards governing water and wastewater transfer and treatment set by Government authorities will not be diminished. As the Minister explained, the board remains primarily liable for payment of compensation and the cost of rectification of damage ensuing from a private contractor's exercise of those powers in cases in which compensation would be payable if the same work were done by the Water Board. This legislation is a positive step. It is essential when people are putting enormous amounts of capital at risk that they know that they can contract with the Water Board with certainty and in the knowledge that they will have no problems later should any dispute arise as to the contractual validity of the matter.

Mr SPEAKER: Order! The honourable member's time for speaking has expired.

Mr McMANUS (Bulli) [10.10]: I support the stand taken by the Opposition on this bill. What was made clear during debate on other legislation brought forward
Page 5502

recently by the Minister for Housing is being made clear here: this is an attempt to do to the Sydney Water Board what was done within the past 24 hours to the Hunter Water Board. I wish to comment on the statement made by the honourable member for Baulkham Hills that this bill would be a means of relieving the administrative burdens of the Water Board. The administrative burden is one that is now borne by the lower sectors. The Minister has increased administrative jobs in the Water Board while deliberately winding down jobs in the lower sector - the maintenance and plumbing and trade waste sectors. Anyone with half a brain who has picked up the job detail of the Sydney Water Board in recent years would have seen that the jobs of people who were being paid in the vicinity of \$24,000 and \$30,000 a year have been wound down. People in those Water Board jobs have been replaced by highly salaried officers from the administrative sector - anything from managers to project officers - when the Minister tells this House that the Government is running out of money.

It is not difficult to work out exactly what is happening. The Government has done away with jobs paying \$24,000 and replaced them with \$40,000 or \$60,000 jobs. It is no wonder that the Government is in dire financial straits in funding the Water Board. If, as the honourable member for Baulkham Hills has said, the Government is really serious about relieving itself of its administrative burdens, it should weigh carefully what it is doing. If the Government really wants a service industry in the Water Board it should start employing the people who really matter. The Government should stop trying to cover its tail by employing people who have expertise in writing up reports. Basically, that is what it is all about. The Government should stop employing people who put jargon and rhetoric on glossy paper that goes into letterboxes all over this State.

Ms Allan: Joe loves the pictures.

Mr McMANUS: The Minister loves the pictures. The water rates paid by New South Wales taxpayers are going towards the cost of printing glossy pamphlets. The other night I said in debate on the Hunter region - and I say it again now - that this Government has been successful in turning an efficient service industry into a pathetic advertising agency. The Government will continue along that path and, at the same time, it will pay people \$60,000 or

\$80,000 a year to ensure that its tail is covered. Earlier today the Opposition shadow minister told the House that this Minister is totally incapable, incompetent, unable to do the job required of him as Minister responsible for the Water Board. The honourable member for Baulkham Hills referred to Memtec. It is amazing that it took more than two years before this Minister decided to give Memtec a contract to clean the waste products of the Water Board.

Why did it take a Liberal State government two years to decide that Memtec is a great organisation when one year before people from Germany were saying the same thing? Once again we see the total incompetence of this Government and this Minister. We almost lost a company that was prepared to provide jobs and a safer environment for Water Board activities. It took 48 months for this Government to realise that, during which time the rest of the world, Japan included, was keen to obtain the services of that company. Does this Government have a problem? Are some government bureaucrats worried about their jobs and, therefore, giving the Government misinformation? Is the Government not able to think for itself? The Minister has been given a responsible portfolio by the people of New South Wales to make decisions for the benefit of New South Wales. Why has it taken this Government two years to come to a conclusion reached many months before by the rest of the world? The honourable member for Baulkham Hills is not able to speak competently about Memtec. This bill is designed for

Page 5503

one thing, that is, the continual winding down of jobs within the lower echelons of the Water Board.

I wish now to speak about the ranks from which I came. I spent 14 years with the Water Board. I did not start as an administrative officer on \$40,000 or \$80,000 a year but started as a maintenance man earning \$5,000 a year. During that time I rose proudly to the ranks of senior inspector and was responsible for the conservation of water and for trade waste matters and for protecting people's rights. I tried to ensure that the government of the day kept rates down. But what has been happening in the past four years? Inspectors in the wastewater branch - a branch for which I had responsibility - have been wound down from 41 to about 10. One of the tasks of the wastewater branch is to detect faults within water mains and electricity cables. The inspectors that remain in the wastewater branch of the Water Board are now responsible for training people to detect faults in water mains and electricity cables - a very dangerous practice. The Minister will rue the day if one of these inexperienced people strikes a 33kV cable and kills either himself or half the staff. The Minister will be held responsible if that were to occur.

The Government does not understand that certain expertise is needed in the Water Board. The Government is prepared to wind down these positions and to put on contractors. A similar thing is happening in the trade waste sector. The Government is deliberately reducing the number of trade waste inspectors. This is what will occur in the Hunter region. These inspectors have been responsible for protecting the environment and conserving water for the last 100 years. The Minister has now decided to employ inexperienced people and, once again, he has covered himself by employing people to prepare lengthy reports. This is a dangerous practice. The Minister will rue the day if fats and oils appear on our beaches merely because we have lost expertise and no one knows how to solve the problems. Self-regulation will not solve the problem. The Government seems to believe that every businessman is honest. I can say with authority because of my previous experience on the Water Board that the majority of people in the community will try to get away with whatever they can. The Water Board needs a stringent method of policing to ensure that regulations set by the Government are enforced at all times. It is no good cutting costs by doing away with people who have the expertise to carry out this policing.

The honourable member for Baulkham Hills referred with glee to the environmental levy. He talked at length about the Woronora River, which is in my electorate. I will tell the honourable member about the four-year plan for the Woronora River. This Government

refused to allocate money for that plan and thus caused major water problems in the Engadine-Waterfall-Heathcote regions. I have received from the \$80,000 a year people in the Water Board the sort of rhetoric that I would expect. They have said that there is a pH value problem in Woronora Dam. That may be correct to some degree but, as I worked at the Engadine tanks for six years I can tell honourable members that the problem lies in the distributor main from Woronora Dam to Sutherland shire. Some incompetent people put an overabundance of lime into the 48-inch distributor main and these reticulation mains are all lying in the Heathcote-Engadine region. The other day, after I had had a meeting with the officer second in charge of the Rockdale region, I was told that this problem is being solved with sponges. I have had a look at the work that has been done in the Engadine-Heathcote-Waterfall regions. The Government needs to employ more people. It should employ people with expertise to clean out the mains.

Mr Morris: You should go down and sort them out.

Page 5504

Mr McMANUS: I could go back and do a better job. As a matter of fact, I am doing a better job in this Parliament than honourable members opposite are doing. The Minister should give the people in my electorate immediate relief. He should send in sufficient workers to cover the work instead of issuing press releases stating what he is doing. Why does not the Minister expend money on cleaning out the small drains that are covered in lime? Mothers have to rewash their babies' clothing and when they ask for a mere pittance of relief, the Minister cuts their compensation. Those people are forced to fight the Water Board's legal system. After washing, their babies' nappies are still filthy, their towels cannot be used and their husbands must go to work with dirty shirts.

Mr Merton: On a point of order.

Ms Allan: Has the honourable member got a dirty nappy?

[Interruption]

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

Mr Merton: The honourable member for Bulli has drifted downstream from this legislation. He is now dealing with dirty nappies, shirts and so on, which do not have any bearing on the legislation. The bill is quite specific in its nature. I ask that the honourable member be brought back to the scope of the bill.

Mr McManus: On the point of order. My explanation of these matters is intended to show clearly to the Minister that, if he employs contractors, these service problems will be exacerbated.

Mr SPEAKER: Order! Previously I upheld a point of order which restricted statements being made by the honourable member for Baulkham Hills, on the basis that the amending bill was very specific. Having cast the debate in that mould I have little option but to warn the honourable member for Bulli that he should not stray from the leave of the bill. Having made passing reference to the effects he believes may occur from the employment of contractors, he should come back to the essence of the employment of contractors, which is the substance of the bill.

Mr McMANUS: I respect your ruling, Mr Speaker.

[Extension of time agreed to.]

The introduction of contractors into the Water Board system will cause a series of problems, one of which I have just explained to the Minister. Concern has been expressed about the previous employment of contractors within the Water Board system. Unless we have a stringent governmental policing system, which is missing in this bill, there will be some detrimental effects, and one of those effects is corruption. During this debate I have made it clear to the Minister that for the two years that I have been trying to warn him about companies like Suresearch -

Mr Schipp: I have had this portfolio for a mere five months.

Mr McMANUS: You took it from your predecessor. Concerns have been placed before the Parliament for two years but the Minister will not give me an answer about a corruption allegation within the Water Board, within his own portfolio. When
Page 5505

will the Minister give me an answer about when this corruption took place? Suresearch is an organisation that is taking bribes from people, but the Minister will not take any action, will not give an answer to a member of Parliament. This is a dangerous precedent. If contract arrangements are not watched carefully by government, corruption will reach epidemic proportions. At present there is no control over private contractors. How will the Government recoup compensation from small companies that gain tenders? The Minister has often said that small businesses are going broke. If contractors are employed and something goes wrong, as my experience in the Water Board tells me it will inevitably, the Government will be responsible. Say, for example, a contractor was employed to install a main and 12 months later the Water Board finds the main is seriously defective, the Water Board will be forced to take legal action. However, at present with the amount of small business bankruptcies its chances of finding that same company still viable are limited. Who will the Government sue?

Mr Schipp: The Federal Labor Party, for what it has done to the economy.

Mr McMANUS: Never mind the Federal Labor Party. The State Government sold off its real estate at the wrong time. It flogged off the family kitchenware at the wrong time. Government members made a major blunder, yet all they can do is whinge about the Federal Government. They were elected to this Parliament to run a financially viable government and they have failed dismally. Who will pay the compensation if the contractors go broke? It will be the people that the Government claims gave it all its mandates. Honourable members know that a certain percentage of these companies will go down the gurgler and the people who will have to pay for the damages caused by contractors who have gone broke, gone out of business, changed their names, gone into liquidation or bankruptcy -

Mr Merton: The honourable member is merely knocking small business.

Mr McMANUS: I am saying that this Government is responsible for small business going broke. One of my constituents in Wollongong has bad debts amounting to \$60,000 because small business has gone broke yet all the Minister can do is blame the Federal Government.

Mr Schipp: The State Labor Party is broke.

Mr McMANUS: Let us get back to the crux of the matter. The Minister should be giving us the answers. If the Minister is to be responsible for taking legal action against these

companies, let us hear him explain how he will recoup this financial burden or at least deny that it will not be the people of New South Wales who will ultimately pay the bill for the incompetence of this Government.

[Interruption]

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

Mr McMANUS: I turn now to the environmental levy. The Minister has stashed away millions of dollars - as he did with the Department of Housing funds when he sold off housing stock and put the money in the bank to gain interest.

Mr Schipp: No, it is in my pocket. I have got it in my pocket.

Page 5506

Mr McMANUS: You are saying that. If the Minister is corrupt it is not my fault.

Mr Schipp: No, I have been living on the fat of the land.

Mr McMANUS: I thank the Minister for making that admission to the House. The situation is that the Minister pulled the same stunt with housing. He sold off public housing while people waited for back doors and he now has the same system going with the Water Board. He is gathering money from this State - almost illegally taking money - and putting it into the bank. He has looked after his mates. The honourable member for Blue Mountains received something like \$34 million this year for his electorate yet the people of the Illawarra received only \$1.4 million. Garbage is floating off Bellambi Beach. At the pollution summit in Sydney it was emphasised that the Illawarra has problems with its own sewerage outfall, and with the Sydney sewerage outfall when something goes wrong. Once again the argument is about trade waste. It will be impossible to control the garbage going to the southern beaches if the Water Board does not employ people with the expertise to carry out the job of prevention. The Minister should use some common sense. The matter was debated at length yesterday but nothing has got through to the Minister. A proper policing force must be maintained within the Water Board. The problem seems to be that under this new arrangement in government, because the Independents have some influence, the Labor-held areas seem to be singled out adversely. It concerns me that the Illawarra region received only \$1.4 million as a return from its environmental levy -

Mr Schipp: \$12 million as of June 1991.

Mr SPEAKER: Order! The Minister will have an opportunity to reply later in the debate.

Mr McMANUS: The Minister will have his opportunity. However, he will not reply, because that is his problem. I have informed him about corruption problems within the Water Board and the hiding of millions of dollars of the environmental levy, which is needed to undertake works in the Illawarra region. I have no qualms about funding being allocated to the Blue Mountains. As a former Water Board inspector I worked in the Blue Mountains and I am aware of the problems there. However, the honourable member for Blue Mountains should not be entitled, simply because he is a member of the Government, to have his electorate allocated a multitude of dollars. Water and drainage services in the Illawarra are just as poor as those in the Blue Mountains, and there should be a fair sharing of the financial cake. The Minister should understand that funds should be allocated to electorates on a needs basis rather than on a political basis, as seems to be the Government's criterion. That shows its incompetence.

Mr MORRIS (Blue Mountains) [10.30]: The Blue Mountains is a beautiful and unique area, but unfortunately it was neglected during the 12 years of Labor Government. Labor published a pretty green book and said that within 25 years it would fix the ills of my area. The coalition Government, on the other hand, will have achieved much of that by 1996. Blue Mountains rivers and streams suffer from extensive and unacceptable levels of pollution which ultimately impact upon the amenity of the area and the Hawkesbury-Nepean river system. Major causes of this pollution are the antiquated water and sewerage supply systems in the Blue Mountains area. That is the result of years of neglect by the previous Labor Government and local administrations. To alleviate these problems the Water Board, which assumed responsibility for the Blue Mountains supply in July 1980, has embarked upon a comprehensive rehabilitation

Page 5507

program for the area. The program includes in part a new sewage treatment strategy that comprises a detailed and lengthy list of necessary projects. The projects include an investigation into closing six existing run-down sewage treatment plants, which are very old; upgrading other sewage treatment plants, including the main regional sewage treatment plant at Winmalee; the transfer of sewage from areas above Springwood by tunnel to Winmalee sewage treatment plant, bypassing outdated plants; and the installation at the Winmalee sewage treatment plant of full treatment and nutrient removal facilities.

Other rehabilitation works include the alleviation of sewer overflows, the repair of older sewers, the provision of new sewerage connections, the identification and rectification of illegal sewer connections by the Water Board's infiltration-inflow program, and a trial microphytes bed stormwater treatment program at Katoomba. That program is mind-boggling. When the Government was elected the former Minister, the Hon. Tim Moore, expedited that work. Recently I inspected the plant with local residents, and its effect on preventing erosion and so on has to be seen to be believed. Another rehabilitation project is the lining of unlined water mains. When the Government was elected the water pressure at Mount Victoria was very poor, to say the least. The Government has spent about \$4.5 million on installing new mains. A new reservoir is on line, with construction to commence in about March or April of next year. Prior to the last election the Minister opened a pilot water treatment plant study at Grieves Creek. As a result, clean water is provided to Medlow Bath, Blackheath and Mount Victoria at a cost of about \$6.5 million.

The honourable member for Bulli spoke about treatment plants. Recently with Memtec personnel I visited the treatment plant at Blackheath. The effluent being discharged into the Grosse River was an absolute disgrace; it had to be seen to be believed. Memtec has undertaken a number of trials and has now installed a plant that provides water that is as clear as the water in this glass I am holding. That is quite a change from the clarity of the water when the Government was first elected. The benefits of the Water Board's rehabilitation program will be enormous in an area that I regard as quite special. Unfortunately, so will the costs. Part of the cost will be met by the Water Board's special environmental program - SEP - which is an early action strategy paid for from the \$80 levy on ratepayers, which is due to cut out in 1994. In addition the board has embarked upon a \$6.5 billion, 20-year, clean waterways program. Some of the clean waterway projects have been allocated SEP funds. That is the case with the Winmalee tunnel. The SEP component of \$60 million is only part of the total estimated cost of the tunnel project. A number of retired Snowy Mountains scheme engineers have described this tunnel as one of the wonders of the world. The remainder of the cost will have to come from the Water Board's capital expenditure program. For example, the 39-kilometre sewerage tunnel will cost \$83 million and the upgrading of the Winmalee sewage treatment plant will cost \$40 million.

Under this Government, 11 kilometres of the sewer tunnel from Winmalee to Faulconbridge is already in place, and the next section to Hazelbrook has been commenced. Just after the election I had the pleasure of having the Minister visit my electorate to launch the construction of that section of pipe. It is well ahead of schedule. On 10th October tenders

closed for a private sector funding option for the remaining part of the sewer tunnel from Hazelbrook to Katoomba. Construction is planned to commence in March 1992 and tenders are now being evaluated. The tunnel will intercept Hazelbrook sewage treatment plant by the end of 1993, and treatment plants at Wentworth Falls, South Katoomba and North Katoomba by 1996. That is way ahead of Labor's schedule of 2010 as set out in its glossy green book - in fact 14 years earlier. The result will be that by the end of 1993 sewerage services will gradually be extended

Page 5508

to Woodford and Linden. Urban runoff quality control and monitoring measures will cost a further \$1 million. As tunnel construction proceeds, new sewerage connections will gradually become available at Winmalee, Faulconbridge, Wentworth Falls and Katoomba at a cost of \$75 million. I understand that approximately 2,100 connections have been made already. By 1992, 50 kilometres of water mains will be lined at an estimated cost of \$5 million. It will be obvious to honourable members that the cost of providing a clean and unpolluted environment in my electorate alone is enormous. The whole issue of financing and operating an infrastructure is complex. It includes providing the resources to install and maintain services without unduly burdening ratepayers, managing those services more efficiently and with more consumer satisfaction than there is at present, ensuring that the real cost of infrastructure is paid for, and taking environmental considerations into account.

Private sector involvement is the only way to ensure that the Water Board can effectively meet the pressure of providing these services and thereby ensure that the people of New South Wales benefit. Private sector involvement will also provide local and wider employment opportunities. The private sector will continue to provide the Water Board with much needed assistance through the contribution of physical, financial and technical resources. If the Water Board Act is not amended to make necessary provision for private sector involvement, the potential benefits from private sector participation in infrastructure provision could very well be lost. The private sector has to be assured that long-term contractual arrangements can legitimately be made, that they will be able to claim the tax benefits they are normally entitled to as part of any development, and that the enabling provisions of the Water Board Act are clear and unambiguous. If the Government can give the private sector these assurances, the rivers and streams of the Blue Mountains ultimately will benefit, as will the residents of the Blue Mountains and all other residents of the State. I support the bill.

Mr SCHIPP (Wagga Wagga), Minister for Housing [10.39], in reply: The temptation in reply would be to respond to all the invective, insults and personal attacks to which we have become accustomed from the Opposition. However, I shall say only that I appreciate the contributions made by three of the four members who participated in the debate. I refer to the honourable member for Blue Mountains, the honourable member for Baulkham Hills, and the honourable member for Blacktown with regard to those parts of her contribution that were relevant to the debate and her understanding of the Government's proposal. I thank her for her opening comment that the Opposition enthusiastically supports this legislation. This proposal will enable the Water Board to engage people of international standing. Officers of the Water Board will gain a better knowledge of other water systems throughout the world. The water delivery system in France was rather lacklustre, but over a period, as a result of the injection of private sector involvement, there have been some exciting advancements. I have been advised of similar advancements throughout the United Kingdom.

The contribution of the honourable member for Bulli was, as usual, insulting. It was typical of his performance in this Chamber. If I thought that he had any credibility either in this Parliament or the outside world, I would reply to the attacks he made on the Water Board. His allegations are unfounded - completely false. The Opposition is continuing with the big lie approach; it believes that if it tells lies often enough, people will begin to believe it. I thank honourable members from both sides of the House for their support of the legislation. The Independent members of the Parliament indicated their support in private discussions held between them and my advisers. The provisions will enable the board to finalise the rather large

tenders that are in the system at the moment so far as water treatment is concerned. Though I thank

Page 5509

honourable members for their support, I repeat that I did not appreciate the comments of the honourable member for Bulli. He just cannot help himself. I am sure that the people of New South Wales will sort him out in due course. I commend the bill.

Motion agreed to.

Bill read a second time and passed through remaining stages.

GOVERNMENT TELECOMMUNICATIONS BILL

Second Reading

Debate resumed from 31st October.

Mr E. T. PAGE (Coogee) [10.46]: This legislation, should it be passed, will be regarded as one of the great financial blunders of this Government. It has been drafted on the basis of what happened 10 years ago in telecommunications. The Government is in a rut. It does not realise that the game has changed. Already \$50 million of taxpayers' money in this State has been lost. If the Government continues to blunder along in the same way that it has for the past three and a half years, more money will be lost. About six years ago the previous Labor Government inquired into the setting up of a private telecommunications network, which had been done to some extent in Queensland and Victoria and by such private agencies as Westpac Banking Corporation. At that time, because of technology, it was believed appropriate for large organisations with a heavy telecommunications need to set up private networks. However, technology has advanced and the Federal legislation has changed, apparently without the knowledge of the New South Wales Government.

In February 1988, just before the coalition came to government, Telecom approached the State Government and submitted a proposal to provide volume tariff discounts. This Government has not responded to that proposal. In July 1988 the Department of Administrative Services called for expressions of interest for the setting up of a private network. The guernsey was given to Telepower, a consortium of OTC Limited and Computer Power Group Limited. Obviously the Government was impressed by the tender. On 6th November, 1988, the Premier announced in a press release that Telepower had been selected and said that the current fragmented management and control of telecommunications would be eliminated, which would achieve substantial recurrent cost savings estimated at \$85 million over seven years. He said it would contain the cost of introducing new services and would achieve productivity savings of at least \$25 million over seven years. On the surface a saving of \$110 million over seven years seemed quite attractive. Telepower set about designing the network, but changes were taking place at the Federal level. The Federal Government decided that there should be competition in telecommunications. It instituted a procedure to allow for a second carrier to compete against Telecom: the new carrier was to purchase Aussat and OTC and Telecom were to merge. For some reason the Premier became pathological about Telecom. He backed away from the arrangement because of the merger. That will cost the New South Wales Government of the order of \$10 million.

At an estimates committee hearing I asked the Chief Secretary and Minister for Administrative Services about the allocation for the payment to Telepower. The advice she received from her executive officer was that the allocation was not from her department's budget but from the budget of Treasury. Obviously the Government will meet its commitment because it withdrew from the arrangement. Once again expressions

Page 5510

of interest were called for. On 13th December, 1988, in a press release, the Premier explained the proposed network and said that the estimated savings would approach 20 per cent per

annum of current costs. Had the Government accepted Telecom's offer of February 1988, it would have realised savings to date of \$40 million in telecommunications charges and it would not have had to pay Telepower an additional \$10 million. Consequently, New South Wales has lost \$50 million already. The Government claims that taxpayers' money will be saved because of the rationalisation of the telecommunications system in this State. On 27th September, in Melbourne, when the Premier addressed the Institute of Management Consultants, he was asked about his refusal to deal with Telecom. He said it was a good question. He said further:

We have got a tender for the New South Wales Government network which is out for tender at the moment and which specifically excluded Telecom.

In the document that is what it did. At 6.2, headed "Telecom and OTC participation", it states:

In line with previous Government statements, Telecom and OTC (as the amalgamated new "first" carrier), may only act as a non-controlling participant in a bid. The consortium must be able to demonstrate to the Government's complete satisfaction that Telecom/OTC will not control (in the broadest sense) the management of the consortium.

With the tender document was a statement that Telecom was virtually excluded. It is amazing that the major supplier of telecommunications services in Australia - a totally owned Australian enterprise which successfully tenders overseas for communication networks - is being told by the New South Wales Government that it cannot tender. This is ridiculous for a number of reasons. The first is the question of price. Surely it does not do any harm to have the largest number of bids possible so that each bidder can keep the other honest as to what the State Government should pay for its communications network. The second thing the Government lost was the technical philosophy behind that bid. It would have been handy for Telecom to lay out its philosophy in providing a network for the New South Wales Government so it could be compared with other tenderers for that bid. The Premier admitted it was true that Telecom could have won the tender. He stated that he fully accepted that Telecom could have cut the price, and he said so publicly. He stated that "to allow Telecom to tender would be a bit like Hawthorn playing the Sydney reserves tomorrow" - it was the day before the Australian Rules final in Melbourne. The Premier was convinced that Telecom would have made the best bid for the Government's network.

It is strange that because of the Premier's prejudice against this Australian owned enterprise it was excluded from bidding even though he believed it would have won the bid. He said, "I am quite happy to say publicly that we actually see a need not to have a level playing field". How many times have honourable members in this Chamber heard the Premier talk about the necessity for a level playing field? He has crossed the border and apparently his marbles became scrambled. He talks about the necessity not to have a level playing field in Victoria. That is stupid in the present circumstances. We have lost \$50 million and he has excluded the group which, in his own words, could offer the best tender. Yet, he is still saying that somehow he will save money for the taxpayers of New South Wales through his telecommunications policy. This is not consistent; he cannot have it both ways. He cannot on the one day talk about a level playing field and on another talk about not having a level playing field, on the one hand saying he wants the best price for a New South Wales communications network and on the other hand specifically excluding the group which could supply the best tender.

Page 5511

These tenders are now being assessed. Technology has been changing and this has not been acknowledged by the Government. In the 1980s because of the size and operation of

equipment it made sense to have private networks for those groups with large telecommunication needs. Now with miniaturisation and digital controls that is not the case. It is now sensible for private networks to be created within the network of the main carrier. That is so not only in New South Wales but worldwide. In the American States of New York and Georgia private networks were in existence but they are now moving back into a private network within the framework of their main carrier. That is not acknowledged by this Government. A belief is held that New South Wales should continue to set up its own private network and while this has been occurring the Federal Government has been changing the ground rules. In June it passed the Telecommunications Act, which set up the basis for a second competitive carrier to Telecom. Also, it allows for that duopoly to continue until 1997 and then there is to be open competition. Part of that arrangement was that the second carrier, Optus, had to purchase the Aussat satellite. That is now being arranged.

The Act recognised the special needs of groups within the State Government structure. It provides that electricity supply authorities and State Rail authorities continue to use their own specific telecommunications network for their own use. To safeguard the duopoly, for which Optus has paid \$750 million, the Federal Government said that another operator could not provide services between distinct places. If one had a private network it could only be within one's own property. That provided the dual advantage of safeguarding the viability of the second carrier and allowing the telecommunications group generally to tender for work within that particular situation. This legislation runs counter to the philosophy of that legislation. The Act required also that carriers meet certain obligations. Obviously if it were merely an unfettered, uncontrolled competition one would end up with excellent communications in the metropolitan areas and terrible services in rural areas. There is a provision that both Telecom and the second carrier, Optus, must financially meet a commitment to maintain services in rural areas. Those two carriers have a financial obligation, approved by the Federal Government, to make sure that country people - some honourable members opposite represent those constituents - receive a fair deal from the new arrangement.

The Government has not acknowledged that. This legislation seeks to integrate the various telecommunications networks in New South Wales - the main ones being Elcom, Sydney Electricity, the Water Board and the State Rail Authority - to incorporate them and provide a common carriage for communication for government agencies, to set up a New South Wales telecommunications authority and to vest in that authority the control, operation and management of that integrated telecommunications network. To overcome the problem of a network being on a single area of land, the Government has set up a spaghetti landholding so that all these networks can be linked up by cables and other infrastructure and the State will own 300 millimetres of land around that infrastructure. In a very distorted sense the New South Wales Government can then say there is one continuous block of land which allows it, outside the spirit and possibly the law of the Federal Government, to operate an integrated telecommunications network.

The Federal Government kept State Governments fully informed about its policy and the progress of its efforts to free up national communications by allowing a second and subsequent carrier to operate. The Federal Government, however, was not told of this proposed legislation until the bill was introduced in Parliament and was not able to comment on its intent or legal validity. The Minister is empowered under section 106 of the Telecommunications Act to direct Austel to permit such a network without undue concern about shonky land deals and misleading management procedures. But the New
Page 5512

South Wales Government, rather snidely and stupidly, did not approach the Federal Minister about its proposal, believing that it had to go behind the back of the Federal Government to introduce the bill. Telecommunications is a Federal Government responsibility under the Australian Constitution. No doubt the aims and objects of the proposed legislation could be easily thwarted by regulation. The Federal Government - though I do not speak for it or the Federal Minister - cannot afford to allow this proposal to proceed. I will endeavour to convince

the House of the adverse effect the proposed legislation may have on the second carrier, who may be badly disadvantaged.

If the bill is passed, all Government departments, statutory authorities and Government business enterprises will be required to use the network. That is anomalous in the context of the Premier's interest in competition as the be all and end all in our society. The Premier, when it suits him, is willing to direct departments, authorities and enterprises to do what he wants and not what those bodies believe to be in their own interests. Local councils may be forced by ministerial proclamation to use the network - an impingement on the autonomy of local government. Approved operators will be required to pay dividends to the Government. Local councils, by paying their telephone accounts, will be contributing to State Treasury coffers and may not be impressed by that. Government agencies no longer will be able to deal freely with Telecom or Optus. Recently a ministerial note was issued directing government offices not to enter into deals with Telecom worth more than \$1 million. That policy could have disastrous financial results. In the past 12 months the departments and authorities impeded in entering into deals with Telecom have had to introduce many efficiencies.

In setting up the network the Government has made provision for a third carrier, which could create difficulties for Optus in particular. The Government has used this gap in the legislation to make provision for the concept of an unusual integrated property. An infrastructure such as a wire passing across a property will not be covered by an easement. Rather, the State Government, not the landowner, will own the 300 millimetre area around that infrastructure; the landowner will lose that land. The bill states that a vendor does not have to disclose or report in any meaningful sense the existence of such an infrastructure. That is contrary to conveyancing philosophy and practice in this State, that complete information on easements and other encumbrances on land should be openly available.

I had prepared an amendment but the Government, despite its poor consideration of the issues raised by the measure, has acknowledged the validity of what I am saying and will amend the bill. The Government has realised its stupidity and drafted an amendment immediately after the introduction of the bill. I do not suggest that the Minister reacted solely to my suggestion. The Law Society and the Real Estate Institute have been hammering on her door and, I believe, have forced the Government to cave in and accept that what was originally proposed in the bill was untenable. When the Minister moves that amendment in Committee, I will support it, all things being equal. The Federal Telecommunications Act permits electricity authorities and State railways to run their own communication networks but does not allow use of those networks by other Government agencies. The Health Department of New South Wales could not, for instance, use the country network of the State Rail Authority. The object of the Federal Act is to ensure proper competition between the two carriers while permitting essential networks of electricity authorities and State railways to be continued. The proposed legislation goes beyond that and endeavours to set the scene for a third carrier. If such an arrangement is successfully put in place this State will not have a complete and discrete network. For instance, if I wish to ring the honourable member for Broken Hill in his electorate office, the first piece of cable used in that call will be owned by Telecom

Page 5513

and leased by the State Government. The next link to Broken Hill will be in the State Government network. From the Broken Hill PABX another Telecom cable runs to the office of the honourable member for Broken Hill. Three cables are used: one into the State system, the State system itself, and a wire out of that system. Under direction No. 1 of 1991 in relation to telecommunications authorised facilities, the State Government cannot enter and leave that network if a link in my call to Broken Hill is by microwave.

The Federal Government only has to change the regulations applying to all connections, not just microwave connections, and a large part of the basis for establishing a State network will then go. That would be a simple thing to do. I do not know whether the legal eagles for the State Government are aware of that. The secretive way they have gone about

this matter indicates that they are probably aware of some of the pitfalls in the legislation but naively believe that the Federal Government, which has set up a delicate and complicated arrangement for competition in Australian telecommunications, will sit by and allow the State Government to become a player in the telecommunications arrangements. In effect that is what the Premier said in Melbourne on 27th September. He said he believed it was part of his brief to prop up a second carrier. He was spelling out clearly that he believed that the State of New South Wales had a right to be involved in the determination of telecommunications policy in Australia. That is not on. The Federal Government and the Federal Minister will not allow that to happen. The big advantage from all of this will be that there will be this great New South Wales network.

The briefing notes supplied to me by the Minister included a grid which shows the centres around New South Wales. The lines drawn on the plan show where all the wiring and connections are located. It is obvious that the Government believes that there is sufficient wiring in the ground from these four authorities, no doubt supplemented by interconnections, to provide a completely integrated system in New South Wales. The notes show that in addition to saving \$20 million in telecommunications charges, the Government expects to make another \$20 million from leasing some of the equipment to other carriers, Telecom and Optus. That is hard to believe; in fact it is ridiculous. The communications systems of the four authorities have been developed over decades. They are not new systems but are a combination of systems developed over various periods of time and incorporate technology developed at different stages. They have not been installed with the aim of providing a general communications network. They have been dedicated lines for particular requirements of the four authorities. It is stupid to believe that one will be able to lay a bit of wire around the place and say that we have a you-beaut telecommunications system. It would be a bit like going to a wrecking yard and trying to build a car out of bits and pieces. One might get the car to run, but I doubt that anyone would be impressed by it.

I remain unconvinced that the network will be much good. Why would Optus or Telecom want to buy into this network? I have no doubt that some specific things might have value. At the briefing session the Minister or one of her staff spoke about sites that would be suitable to be used for the siting of microwave towers. That is okay. But leasing of such a site does not require the State Government to have its own communications network. The Minister could lease those sites now to Optus or Telecom and get some of the money that has been spoken of. It is a red herring to say that the \$20 million for the lease of any equipment the State Government might have will be dependent upon the setting up of a network. If it exists at all, most of the capacity would be available now. Will Telecom or Optus lease any of this equipment? Telecom has a complete network around New South Wales. I am told that there is a lot of extra capacity in its present network. There is no philosophical or financial reason why
Page 5514

Telecom would wish to lease anything from the State Government. I believe that because of the cabling, the equipment that has been used and the fact that it has been laid beside power cables, there will be a lot of interference in the New South Wales system, if it ever gets up. Why should Telecom, which has a massive fibre optic network around New South Wales - and at the moment that costs about \$50,000 a kilometre to establish - want to hire any capacity that New South Wales has to offer? It will not do that.

Let us consider Optus. It has overseas backing and an extremely good financial base. It is coming into Australia to compete against a strongly entrenched competitor. It will install a first-class system, not use hired bits and pieces that will result in it having an inferior reputation to that of Telecom. It will come in with a bang to try to secure a large proportion of the market. Optus will have an expensive, complex, highly technical system that will enable it to more than compete with Telecom. Why should it come to New South Wales and become involved in this hybrid network? It does not need to do that. It has Aussat so it will not need to have any cable connection with Broken Hill. The second carrier will be well placed to set up its own network. For it to come into the New South Wales network would be against its own interests, because it

would have an inferior service to that being provided by Telecom. It is pie in the sky to suggest that when this network is set up there will be a sudden rush of money from Telecom and Optus. It is more likely that there has been a rush of blood to the head of the Minister or the Premier. I should not include the Minister in that. She has virtually nothing to do with this matter. The whole strategy was developed when the former Minister, Mr Webster, was responsible for this portfolio and the Premier had obsessions and prejudices about private enterprise and Telecom. That is why the whole thing will founder.

To do justice to the present Minister, she has been left with a mess. All she can do is carry the can as best she is able and carry through the wishes of the Premier. Eastern Creek has been a great financial drain on State Government resources. The Government now intends to set up a sophisticated telecommunications network. Optus is proposing to invest \$2 billion over the next six years. Where will the State Government get the resources and the capital to fund this venture? If members on that side of the House believe that the Government, by running a few hundred metres of wire, all of a sudden will have a system up and running, they have rocks in their heads. Hundreds of millions of dollars will have to be spent to make the system operate. Where will that money come from? Will our hospitals and schools lose out again, as they did as a result of Eastern Creek? Where will the financial suffering occur in New South Wales as a result of the decision that somehow this State is to have its own monopolised telecommunications system?

I am concerned that both Telecom and Optus may have to contribute towards community service obligations to fund the provision of services to country areas. A Premier may say: "I am going to set up my own network. It will be outside the Federal Act; it has nothing to do with the Federal Government, so the State Government will not have to pay the levy. I am happy to try to save money for the State Treasury. I am not worried about the people in the country. I am not going to contribute anything to their services". Do honourable members think that the Federal Government would let that State government off the hook and say, "The other two carriers have to pay for providing proper services to country people, but because you believe you have sidestepped the Federal legislation, you will be saved the payment of that levy"? I do not think that is on. The logical thing for the State to do is stop this idiocy and negotiate with the two carriers - I do not suggest that Telecom should remain a monopoly in New South Wales - to find out what they are prepared to offer the New South Wales Government for the

Page 5515

right to establish a virtual integrated network. Both carriers could compete for that right. Optus has access to the existing Telecom system at favourable rates, so there is no impediment to Optus offering a service even though at present it is not operating its own network. The Government will be able to choose the most competitive price offered by two competent carriers, and that will result in this State getting the best possible network.

The briefing note mentions a 10-year contract. This Government intends to set up a hybrid network and to contract an operator to run it for a 10-year period. The Government will be locked in for 10 years to a system in a field of great technical change - a field that has changed more than any other area of technology. Things have changed over the past decade. At one time private networks had some validity; now they do not. The Government is still back in the 1980s, but in the 1990s it intends to enter into a contract in respect of telecommunications until after the turn of the century, involving technology that by then will be 20 years out of date. The Federal interception Act inhibits access to the Federal Telecom system and Optus. Presumably, that Act will not apply in New South Wales. People will be able to bug telephones with impunity in New South Wales.

Mr Cochran: On a point of order. I draw your attention to Standing Order 157, which deals with continued irrelevance and tedious repetition. The honourable member has been speaking for some time on the same matters, repeating the same points. It is time that he was

called to order and treated honourable members to some intelligent new discussion if he wishes to continue his speech.

Mr E. T. Page: On the point of order. Every member speaks for some time. Once a member has uttered one word he has spoken for some time. If that is against the standing orders, Parliament might as well be closed down. I mentioned the interception Act for the first time, yet the honourable member for Monaro is accusing me of repetition.

[Interruption]

Mr ACTING-SPEAKER (Mr Chappell): Order! I call the honourable member for Monaro to order.

Mr E. T. Page: No point of order is involved. I should like to continue without interruption.

Mr ACTING-SPEAKER: Order! The honourable member for Coogee, who is leading for the Opposition, is entitled to canvass the issues widely, as he is doing. However, I ask him to come to the points at issue.

Mr E. T. PAGE: I have mentioned the interception Act. There is an argument that the New South Wales system would not provide for any safeguard against interception. I do not believe the New South Wales Government could pass a law in respect of the interception of telecommunications because that is the prerogative of the Federal Government. I do not understand why the Government is continuing on this path. I support the idea of aggregating the communication requirements of the State Government. There is a proper way of doing that, but I do not think the proposed legislation addresses that matter. It is necessary to seek out the experts in the field - an area where there will be dramatic competition. Optus will not be backward in trying to attract customers. I think the Government would get the best deal by playing these competitors off against each other. The Federal Government will not stand aside and

Page 5516

allow the State Government to continue along this path because what it proposes has the potential to upset the basis of competition in the market-place. Telecom would not be the one to suffer, because it is established; but Optus could be put into a situation of having to compete not just with Telecom but also with another carrier that was effectively the New South Wales Government.

If a telecommunications network is set up, under the provisions of the bill there is no reason why non-government bodies could not use or be encouraged to use the New South Wales network. That would put it in direct competition with major carriers and undermine the Federal strategy, which, by and large, has the backing of all political parties in Canberra. The Liberal Party-National Party coalition was keen for telecommunications to be opened up. Though the Australian Democrats have a different philosophy, they are keen to ensure that competition is maintained between the two operators. It would be easy for a Federal government to pass regulations that would ensure that the proposed Act could not operate. I propose to move two amendments, one of which has been stolen by the Minister, to overcome non-disclosure of the location of infrastructure. Such non-disclosure is bad for property dealers, for if I were to buy a property without being informed that it had an impediment, I should be upset. It is in the interests of the authority that I am informed of such things because one day while digging a hole in my backyard I might dig up a significant cable, which could have a dramatic effect on the telecommunications system. I have seen the results of authorities cutting through Telecom coaxial cables and know of the costs involved. A ministerial committee in the conservation and land management area is continuing to look into conveyancing matters, but that committee was not told about this aspect of the bill. It includes Crown land representatives and examines conveyancing and land matters, yet the Government

has not informed that committee about the bill or sought its opinion. It indicates the stupidity of the situation that the Minister has to say: "I am sorry about that. You were right after all. We will have to amend that". My other amendment would place in the bill the following prohibition:

The Minister and the Authority are not entitled to exclude any particular person or body from any request for expressions of interest or tenders in connection with a contract or arrangement under this contract.

It is outrageous that the Government asserts that it wants the best price and the best system and then stipulates who can and cannot nominate. According to the Premier, the group which can give the best price and, no doubt, provide the technical backing is Telecom. I intend to move that amendment, but I would like to hear from the Chief Secretary and Minister for Administrative Services on her amendment. If I am satisfied with that - I think I will be - I will be quite happy to withdraw my amendment. I concede that if we have the same aim her drafting will be superior to mine. The Opposition will be moving one or two amendments and will oppose the bill.

Mr KERR (Cronulla) [11.31]: It is always a pleasure to be in disagreement with the honourable member for Coogee, not only on the grounds of intellect, but also on the grounds of taste. The Labor Party has once again set its face against the interests of the people of New South Wales. This legislation is designed to achieve major savings and improved services for the New South Wales public sector by the establishment of an integrated telephone data and mobile radio network. What is wrong with that? That is what we are all about in this place. It also provides for the securing of a financial return from the licensed telecommunication carriers by commercialising the Government's telecommunication resources. Much has been said about microeconomic reform, one of those phrases that has lost its meaning because of its misuse by the Hawke-Keating

Page 5517

Government. What we are seeing here is the best of microeconomic reform in the sense of helping people. The legislation promises benefits for all in New South Wales, such as savings in telecommunications costs, improved services to meet government requirements and, as I have examined, the opportunity to earn revenue from the commercialisation of assets in order to assist the people of New South Wales and the provision of government services. All this can be achieved through this legislation at minimal cost to the Government by the intelligent use of private sector investment to capitalise on government-owned resources and assets. The telecommunications authority established by this bill will not be a large bureaucratic organisation. That is the Opposition's bag. It will be a small co-ordinating body employing minimal staff, and the authority will draw on the considerable expertise already established in the department. It is time that the people of New South Wales were given this opportunity and that the Opposition stopped being in the way of progress.

Mr Cochran: Where is the Opposition?

Mr KERR: As the honourable member for Monaro says, where is the Opposition? Members have just heard an incredible speech from the honourable member for Coogee. He foreshadowed amendments to allow tenders to be open and free, yet argued against establishment of this body because it will provide further competition to two carriers. In other words, we cannot have competition because it will interrupt further competition. That is crazy. It would be interesting to know what his personal views are about the Labor Government setting up a second carrier against Telecom, which he claimed the Opposition supports. I did not see that support in the 12 years that the Opposition was in government. I did not see the sorts of things we are talking about here, which are designed to help the people of New South Wales, much in evidence in those days.

Mr Cochran: They were too busy trying to get Rex out of government.

Mr KERR: Yes. As the honourable member for Monaro says, their activities were directed in other ways. I commend the Minister for this legislation. It should enjoy the support of all who have the interests and welfare of the people of New South Wales at heart.

Mr DAVOREN (Lakemba) [11.36]: I will not traverse the matters raised by the honourable member for Coogee, who led for the Opposition. His valid points showed that this bill was conceived in haste and given birth in even more haste. For instance, the honourable member for Coogee referred to ownership of 300 millimetres of property surrounding the cable vesting in the authority. Not having to give notice of such an encumbrance cuts across all the conveyancing laws concerning disclosure that we applaud in New South Wales. It would be completely ridiculous if a person buying a property would later discover some of the land is owned by the authority and is not even an easement. Under this provision the authority workers could come in at any time, perform work and probably even change the line if that were the desire of the authority. I am pleased that some indication has been given that the Government realises the ridiculous circumstances that this legislation would allow. It seems an amendment is being drafted to resolve such an anomalous situation. Hence my remark that the whole bill has been conceived in haste.

The Premier's ideological hang-up regarding Telecom amazes me. Apparently it will cost the State some money. It seems that Telepower, which is a consortium of Telecom and the Overseas Telecommunications Commission, will be taking legal action

Page 5518

against the Government for recovery of money spent prior to the contract being terminated. That is the way it should be. I cannot understand why the Premier is so ideologically opposed to Telecom's involvement in the matter. Why would it not be invited to tender? Telecom has operated for many years. The vast majority of people would agree that the telephone system operated by Telecom is most efficient. Indeed the Telecom union sent some of its members to America to look at the many systems that operate in the United States. They came to the conclusion - there may have been some bias in it, but I was privy to the report they made - that it is much quicker to make an overseas call from Australia than it is from the United States. Our whole system seems to be far more efficient. The tender arrangement intrigues me. I read that it is so confidential that the confidentiality disclosures are confidential. I do not know what that means. It probably means that the whole thing is so secret that no one is permitted to know the arrangements. Fancy the confidentiality disclosures being confidential. I leave it to honourable members of this House to work out what that means.

As to the alleged savings, the track record of the Government so far has not been good. Indeed, for this Government to be speaking of the amount of money that it will save and how efficient it is is like someone who has been married six times giving advice to the lovelorn. The Government's record to date is not terribly efficient. It is pie in the sky for the Government to claim that mammoth savings will be made. Will those savings be similar to the results of the Government's asset sales program? No one could claim that that program has been successful. I take Government talk about savings with a grain of salt. Real savings would be made by doing business with Telecom or Optus. The honourable member for Coogee pointed out that Telecom has kept pace with technological changes. I expect Optus will do the same. The same cannot be said for the in-house systems which will be linked up. Unless it has been updated and upgraded, a couple of years ago the F7 system used by State Rail was so outmoded that the only way it could be maintained was by cannibalising bits and pieces from the exchange. The capacity of the exchange was reduced to maintain the remainder of the system. I was informed by one of the technicians that if Alexander Graham Bell walked into State Rail, he would certainly recognise most of the equipment. So much for the proposed system being able to compete with the technological excellence of Telecom and Optus. I should like to refer again to the selection system. An extract from the October edition of *Australian Communications* reads:

The functions of which were formerly carried out by administrative services staff:

- is tightlipped about its selection process. Director Gary Donald said he could not disclose even the composition of the interdepartmental committee which made the recommendation. He also could not say whether the decision had been taken purely on commercial grounds. Donald said the process had been approved by the State's corruption watchdog, the ICAC.

I do not understand why the Independent Commission Against Corruption became involved. Did the Government have a guilty conscience? Did the Government anticipate trouble and try to head it off at the pass? That is a telling statement from a journal that represents Australian telecommunications. The composition of the interdepartmental committee could not even be disclosed. That is typical of the so-called open government of this administration. The only way Opposition members could find out about the contractual arrangements for Eastern Creek was by reading newspapers. The responsible Minister had an opportunity to tell the people of New South Wales what was happening by responding to questions asked in this House. On many occasions the Opposition has been told by those who sit opposite that they are in favour of open government and this

Page 5519

House is the place where the Government's policies are disclosed. The policy of open government has disappeared. The proposals in the bill have been on foot for a long time. In 1988 the Premier Barrie Unsworth made reasonably final arrangements. Since that time the Government has fiddled about, and as a result New South Wales will finish up with a far inferior service. I do not understand how or why the Federal Government will allow this hodge-podge proposal to proceed in direct competition with such excellent organisations as Telecom and Optus. I would like to know what is on the Government's secret agenda, what is in the mind of the Premier. Does he intend to flog off the proposed authority so that one of his mates can compete with Telecom? Is the proposal a backdoor way of defeating the objectives of the Federal Government, which has said that two organisations only should be involved in telecommunications?

Private telecommunications systems have been rejected by other States. The system at State Rail was installed for the specific purpose of allowing telecommunications throughout the railway system. It was never contemplated that that system would be opened up to commercial competition. The honourable member for Cronulla claimed that cost savings will be made but gave no detail. He claimed also that money would be made from commercial activities. Perhaps money will be made by some of the well-known financial entrepreneurs. Their money has been made as a result of the Government bailing them out of trouble. Sir Jack Brabham's company has received \$22.5 million. I do not understand how money will be made from commercial activities. I suspect that if the proposal comes to fruition, it will become another black hole into which more and more money will be poured for the personal aggrandisement of the Premier, who seems to have an ideological hang-up about not involving Telecom in the proposal. I conclude by saying that one cannot argue with the objects of the bill. However, the method of establishing the proposed New South Wales Government Telecommunications Authority is suspect. Why is the Government fiddling around with outdated equipment? Why are organisations such as Telecom and Optus not invited to run the system for the Government? I would like to know why the Premier is pursuing this ridiculous notion.

Mr DOWNY (Sutherland) [11.49]: I listened with a great deal of interest to what was said by the honourable member for Lakemba and by the honourable member for Coogee and I cannot help but feel that they are trying to make a mountain out of a molehill. It seems to me that the legislation is simple in what it sets out to achieve.

Mr Kerr: Like they are.

Mr DOWNY: Yes, as the honourable member for Cronulla says, the legislation is simple, like members opposite. It is probably worth while to remind members opposite exactly what this legislation is all about. First, it will integrate the various telecommunication networks of government agencies and provide for common carriage of the communications of government agencies in New South Wales. Second, it will establish a New South Wales Government Telecommunications Authority which will be given the name of TELCO, to vest the integrated telecommunications network and its control and management in the authority as the agent for the Government of New South Wales. Third, it will enable the Government, through this authority, to operate and maintain in an efficient and economic manner the integrated network for its own purposes. It will enable the best commercial advantage to be obtained from any excess capacity of the integrated telecommunications network. Finally, it will enable the Government to obtain the best commercial return for the use of assets, resources and facilities owned by the government agencies and required by the licensed telecommunications carriers, including Telecom, and by any other people licensed under Commonwealth legislation for general telecommunications purposes.

Page 5520

As background to this legislation it is worth pointing out that as an issue separate from the proposed legislation it has been decided to develop, under private sector management and with private sector investment, a New South Wales Government private telephone, data and mobile radio network to serve the public sector telecommunications needs and, wherever possible, to use the existing infrastructure owned by government agencies such as the State Rail Authority, Elcom and Sydney Electricity to carry the Government's telecommunications traffic and, by so doing, to avoid the use of expensive Telecom leased line services which cost millions and millions of dollars to use. I was interested to note a defence of Telecom by the honourable member for Lakemba and the honourable member for Coogee, both of whom perhaps could be said to be members of a discredited political philosophy, one that believes that government knows best how to operate. It is interesting because it is obvious that Telecom is running scared on this legislation. We have heard stories of various levels of Telecom management issuing threats about what will happen to this Government if the legislation is enacted. Telecom has gone out of its way to employ a firm of consultants to lobby members of Parliament about this legislation, and in particular government members, to try to point out to them the folly of supporting the legislation, if there is folly involved. Obviously Telecom is worried.

I am the Legislative Assembly representative on the Council of the University of Wollongong. We have had the ludicrous situation of Telecom threatening to pull out of multimillion dollar deals at the University of Wollongong if the legislation is passed. It is ridiculous that Telecom in the Wollongong area has to resort to such threats because of this legislation. An examination of government investment in telecommunications infrastructure in New South Wales shows investment in optical fibre, coaxial cable, microwave and radio networks. These networks were installed to provide specialised management for train signalling and electricity reticulation. With the introduction of modern telecommunications integration systems it is possible to carry most of the Government's total internal telecommunications on these networks once they have been integrated or linked. However, it also means that excess capacity over and above State Government user needs will be achieved through re-engineering these networks to telecommunications carrier standard. This presents the Government with an opportunity to obtain a commercial return on its network resources by leasing, renting or levying charges for the use of such excess capacity by the licensed telecommunications carriers. The excess capacity could be utilised by the carriers to reticulate a significant component of their public trunk traffic. It is important to note that it is not the general intention to sell assets to the carriers.

The honourable member for Lakemba used the old chestnut often used by the Labor Party about this Government selling off assets to its mates. The Labor Party should look at

what its mates in Canberra are doing at present and the support those Canberra mates give to certain individuals in this country. It is of no use to talk about what this Government does - the Labor Party should look in its own backyard. As the honourable member for Cronulla reminds me, it would be interesting to know from whom the Labor Party bought the building in Sussex Street that is costing it so much money. The Labor Party talks of open government but is reluctant to let anyone know about that building. I will return to the subject-matter of the bill. In 1992 as a result of Federal Government legislation we will see the entry into this country of a new telecommunications carrier. That will provide an opportunity for the Government to obtain an additional commercial return from the carriers for the use of a wide range of government assets, facilities and resources, including access to electricity authority city ducts for laying optical fibre networks and access to government sites for radio aerials for mobile phones and payphones.

Page 5521

The Commonwealth Telecommunications Act deregulates the telecommunications market to enable the entry of a second national carrier - and not before time - and contains provisions to protect Telecom and to obtain the maximum value out of a second carrier licence. The Commonwealth Act limits the way State and Territory governments will be able to operate private networks on their own infrastructure and in the commercialisation of their telecommunication assets. In other words, the Opposition is worried - and the honourable member for Coogee made this point - that it opens the way for the Government to become a third carrier. As I understand it, the Federal legislation makes it almost impossible for that to happen. The Commonwealth wants to require State and Territory governments to use the services of licensed carriers and pay commercial tariffs, even though they may already have in place network infrastructure to serve their general telecommunications needs. The Commonwealth legislation enables State government departments and authorities to use telecommunication facilities on their own land so long as there is a single freehold title. Any interconnection between the properties and networks of different agencies is reserved to the carriers.

This legislation has not been brought forward unprepared. The Minister has informed me that 38 hours of briefings were held with Opposition and Government members. Allen Allen and Hemsley and KPMG Peat Marwick were commissioned to examine the legal, commercial and engineering strategies to enable the New South Wales Government to gain maximum advantage in the provision of government services to the public through telecommunications technology at minimum cost. The Government will be able to adopt certain strategies to take advantage of the provisions in the Commonwealth legislation. This will create a statutory authority as agent for the State as well as the vesting of nominated telecommunications infrastructure of government agencies in the authority and the creation of a single freehold title for a narrow land corridor surrounding the vested infrastructure. The creation of this land title which links and integrates the public sector telecommunications infrastructure is the key to allowing the operation of an integrated government network within the legal intention of the Commonwealth legislation. That is the crux of the matter. So far as I can see, the Opposition has absolutely nothing to worry about with this piece of legislation. Perhaps the only worry it has is that because of outdated political philosophy, particularly in the New South Wales Labor Party which seems to be out of step with its Labor mates elsewhere in Australia, it wants to protect the privileged position that Telecom has had for a number of years. It cannot accept the present day realities of competition. The Government of this State is entitled to do the best it can for the taxpayers of this State, which is what this legislation is all about. I am happy to support the bill.

Mr HATTON (South Coast) [12.0]: As the Minister knows, I have put considerable work into this matter. I am still puzzled by some aspects of it. I make it clear at the beginning that my research officer and I do not come into this debate from any ideological position. The Government says that it wants to ensure that a second carrier is viable so it could be boosted

by the New South Wales Government business, but how do we know we get the best deal? Is Kerry Packer involved in one of the companies which could manage the State network? Will we see Optus or Telecom not involved and somebody else involved and, therefore, the establishment of a de facto third carrier? I do not approach this matter from the point of view of the Australian Labor Party, which obviously has some sympathy for Telecom and government ownership in the wider sense; but, in fairness, speakers from the Opposition have admitted that Telecom has a frightful record and that the best thing for it has been competition to drag it into the twentieth century. I am impressed by the history of events. In the mid-1980s, before the Federal deregulation process, a major study was conducted by the New South Wales Government of the public sector network. When deregulation came forward there

Page 5522

was a wider view and it was recognised that facilities existing within Elcom or State Rail - ducts, aerials, towers, optical fibres, easements, a whole range of things - could be used to great advantage.

In briefings it was emphasised to me that large organisations such as the Broken Hill Proprietary Company Limited are instituting their own telecommunications network and saving costs. However, I am still concerned about why Telecom is excluded, particularly when we are talking about a 10-year contract for telephone and data lines and a five-year contract for radio mobile lines. I strongly agree with the Government on some things. Using the Government network is the cheapest way to provide a network. However, I am not convinced that if Telecom were allowed - as it was put to me - to tender for the management of that network, there would not be the separation from Telecom that is wanted. If Telecom won the use of that network, it would give a boost to Telecom. The conclusion from the mid-1980s inquiry was that there would be substantial cost savings. I agree with and applaud that approach. In those days Telecom services were very expensive, especially the use of leased lines and so on. This was one of the things that caused the review. The private network would take advantage of all the State owned infrastructure, for example, the State Rail optical fibre and so on. This State legislation will dovetail into the major network an integrated infrastructure owned by the State. I have described it as a spider web.

The spider web, the State network, is established and would be overlaid by the other networks which are owned and or operated by the first or second carrier. Thus we will be dealing with the initial State spider web and doing business with the spaces in the spider web in which there are networks owned, controlled and operated by other people. In order to establish the State spider web 300 millimetre tubes are set up. I am concerned that we still do not have an answer from the Federal Minister, who has been kept fully briefed on the matter. I sent him a fax and got a vague communication back. Why does the Federal Minister not say "Yes, it is on" or "No, because you are exploiting a loophole and we are not prepared to allow you to exploit that loophole and establish by this means a de facto third carrier with a consequent undermining of the viability of a second carrier for which considerable money is being paid"? I am puzzled by the actions of the Federal Government. Will it come in after the passage of this bill and say that it is not acceptable and wear all the political opprobrium that goes with it? I would have thought that it would have made a decision earlier than this if it was going to do that. I have no problems with regard to easements not being on land titles. If it has not caused any problems for Telecom, it should be good enough for any State network, although I agree with the Opposition that the landowner ought to be advised. I understand that the Government has agreed to that.

I believe there are four bidders, including Bell Canada, for the setting up and management of the State network, and I shall come to those in a moment. If the successful tenderer has nothing to do with Telecom or the second carrier, where will that leave the Government's case for refraining from involvement with Telecom in order to boost the second carrier? Will it mean that the successful tenderer for setting up and managing the State network will be in fact a third carrier and undermine the viability of the second carrier? In this regard there would be an adverse impact on the ability of the duopoly carriers to fund loss-

making services in rural areas. This was referred to by the Opposition. I spent some time examining this question and was reasonably satisfied that the \$150 million of business involved in New South Wales would have a minimal impact in contributing towards the \$240 million which is to subsidise country services. Even if the impact is minimal, it would have some impact. There should be some contribution to the public good in country areas.

Page 5523

The "distinct places" exemption to carry a network reservation was intended to open up competitive cabling installation with private residences, factories, buildings; it was not intended that a single distinct place could be established throughout New South Wales. That loophole will be exploited by this legislation. The real problem for the Federal Government is whether it will allow this operation to undermine the viability of the second carrier. I am told that there is another way to do it: the State Government could request a direction from the Federal Minister under section 106 allowing aggregation of State Government traffic on existing government networks. This would allow the New South Wales Government to maximise the use of its existing telecommunications infrastructure while making it clear that it does not intend to establish itself or its facilities manager as a third carrier for non-government traffic in New South Wales. This would not preclude a bill of this nature. As every New South Wales Government organisation is going its own way we need a piece of legislation to pull those disparate groups together and to set up a network. That might remove the spectre that could undermine the viability of a second carrier.

I am impressed by the cost savings case study conducted by the New South Wales Government. New services can be obtained at marginal cost. People can obtain off-peak advantages. People can also conduct data transfers early in the morning, late in the evening or at midday, when there are lulls in data transfers in areas such as health and education. I am impressed also by the case study conducted at Wagga. Telecom now has 38 leased lines but, after integration, it will have about five or eight leased lines. That will represent a saving of \$120,000 per annum. Sydney to Wagga lines will have the capacity to carry other traffic at marginal rates. This will apply also in other country areas. More people will have the opportunity to use the 40 radio networks. New South Wales Government is using only 25 per cent of the radio spectrum. After rationalisation major fee income in the order of \$3 million could be achieved. Of course, the crowding of the radio spectrum is a major problem. Government members have argued that if Telecom has a controlling interest, and if it manages the State network, it will undermine the philosophical approach of having two carriers. It will also undermine the viability of the second carrier. I still have problems with that argument. I am puzzled because some questions have not been answered.

If Telecom is to be excluded and Optus does not establish and manage the New South Wales system, that will not fit in with the Government's philosophy on a second carrier. I believe - I think the Government freely admits - that it has created an organisation that could be privatised and sold off in the future. If that is so, it would be in direct competition with a second carrier - a de facto third carrier. Why has the Federal Minister said nothing? I would like to hear from this Minister why New South Wales felt that legislation in this form was necessary rather than take action under section 106, which I referred to earlier. The Federal Minister, Mr Beazley, needs only to direct Austel to permit the establishment of such a network. I am concerned also about the matter raised by the Opposition. Because of the sensitivity of data transfer and commercial in-confidence information I wonder whether the Federal telecommunications interception Act will apply to the State network. The briefing notes with which I have been supplied argue in favour of the establishment of the network and state that the Independent Commission Against Corruption overviewed the procedures. Of course, it is important for the Independent Commission Against Corruption to overview the integrity of the process but that argument does not support the process.

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [12.15], in reply: It is appropriate to recognise that the earliest work on this concept began under the previous Government. It is also fair to pay tribute to the
Page 5524

progressive steps taken by the present Federal Government in the deregulation of the telecommunications market in Australia. These reforms have provided the New South Wales Government with the opportunity to proceed with the concept of a State network which will produce a better telecommunications service for the New South Wales public sector and, I hope, save New South Wales taxpayers millions of dollars each year. Our ambitions are quite simple: we wish to provide telecommunication services at the best possible price. Because our initiative is complementary to Commonwealth reforms and because large savings will be achieved this legislation deserves the bipartisan support of the Parliament.

Since this bill was introduced officers of my department have consulted with the Land Titles Office - which was referred to by each of the speakers to the bill - and with the New South Wales Law Society about concerns expressed over the impact of the legislation on private land title. We have had many discussions with nominated representatives from the Land Titles Office and their concerns have been resolved. I am advised also that the Law Society has been fully briefed on the bill and, with the exception of minor issues relating to administrative procedures, its concerns have also been largely resolved. Both the Law Society and the Government are confident that the remaining issues which relate to the implementation of the bill can be accommodated in the future as part of the implementation process. It is important to note that only land surrounding existing lines, equipment and facilities of the Government telecommunications network will be vested in the authority. In most cases the infrastructure will be obvious - for example, State Rail Authority above-ground ducting - or it will be the subject of an existing easement or lease. If in the rare circumstance it is found that private land is involved - such as State Rail Authority ducting on private land - the land would be surveyed, the title noted and just compensation paid.

As most of the State's telecommunications infrastructure is either State Rail Authority or the Electricity Commission owned there is only a remote possibility that private land may be affected. It is also anticipated that the authority will not generally require access to private land. However, pursuant to clause 28, any private land which might be acquired in the future, and private land which may be affected in the future by the authority's network, will see the issue of a title. Plans will be noted at the central register at the Land Titles Office. As a result of discussions with the Law Society and the Land Titles Office I propose to move a number of amendments in Committee. The prompt passage of the bill will allow the Government to plan immediately for the integration of the Government's infrastructure which would result in annual savings estimated to be of the order of up to \$20 million. It will also provide the opportunity for legal commercialising of the spare capacity for various State agencies to begin. Conversely, any delays will affect the financial benefits. A significant component of the Government's telecommunications strategy which is reflected in this bill was developed after consultation with the best technical, legal and financial sources available. I believe this bill provides the best arrangement for improving the efficient use of the Government's existing telecommunications infrastructure through a strategic partnership with private investment in a competitive market-place.

In developing this bill my department has worked in full consultation with industry groups, regulatory agencies, State agencies that have telecommunications infrastructure, and with client user agencies to ensure that the New South Wales network delivers desired cost savings and efficiency savings. This active consultation and co-ordination will continue during the establishment period and beyond so that the efficiency of public sector agencies in New South Wales can be enhanced for the benefit of the people of New South Wales. I was disappointed with some of the points made by the

Page 5525

honourable member for Coogee on the Government's proposal. At a time when his Federal colleagues are promoting competition and reform in telecommunications, he is presenting a case against this State's effort to respond to this new environment. I realise that Telecom is wary of a State network and that it is still coming to grips with the new competitive marketplace, but the honourable member for Coogee should consider his position. Is he in favour of efficiency and economy in the State's telecommunications or is he presenting a case for Telecom to maintain its monopoly? He submitted that the bill runs counter to the Federal Government's philosophy. In reality nothing could be further from the fact. Not only is this bill in accordance with the Federal Government's philosophy, it has been drafted specifically to respond to and fit in with the Commonwealth legislation.

The honourable member for South Coast spoke about communication with the Federal Government. If I heard the honourable member for Coogee correctly, he said that the Federal Government kept the State Government informed but the Federal Government was not informed of the State's intentions until the legislation was introduced. I have several letters dealing with this matter. One is from the State Government to the Federal Government dated 17th December, 1990. Another is from the Federal Government in 1991. On 5th March the State Government wrote to the Federal Government. A reading of that letter would enable the honourable member for Coogee to understand that the Government has fully communicated with the Federal Government. In part the letter from the Minister for Planning and Minister for Energy to the Hon. K. C. Beazley states:

I cannot believe that the Federal Government would wish to stop the NSW Government from enabling Police, Emergency Services and other NSW departments and authorities from using the Government's telecommunications infrastructure and thereby save tax-payers millions of dollars each year; particularly in times of economic restraint. . . . I am sure that it is not your intention to disadvantage the NSW Government and the State of NSW in the deregulation and legislative process. Thus with respect of the above I seek your absolute assurances that;

- the NSW Government will not be restricted in establishing and operating its private network utilising its own telecommunications infrastructure for its own traffic.
- neither Telecom nor the second carrier will be restricted under Trade Practices from bidding for the NSW Government's excess telecommunications infrastructure.
- the carriers would operate as normal commercial entities without special immunities from State laws or taxes.

I will provide the honourable member for Coogee with a copy of this letter so that he will be aware that there has been constant contact at Minister to Minister level. There has also been departmental officer to departmental officer level contact. When the legislation was introduced I requested that a copy of the legislation and of the second reading speech be sent immediately to the Federal Minister. I cannot believe that the Federal Government is not totally aware of the situation.

Mr E. T. Page: The Government may have written letters but they did not tell the Federal Government anything.

Mrs COHEN: A copy of the legislation was sent to the Federal Government, and I believe members of that Government can read as well as I can. They were also sent a copy of the second reading speech and therefore they have been told everything. The New South Wales Government's proposal is part of a major microeconomic reform process which will yield savings of up to \$20 million a year in operating costs and up to

Page 5526

\$20 million a year in the commercialisation of government infrastructure. The bill reflects the latest position in Commonwealth legislation and telecommunications technology. The earlier arrangements with Telepower would have covered only part of the Government's telecommunications operation. It did not take into account the Commonwealth's latest legislation because that was introduced in the middle of the proceedings. In 1990 the Commonwealth Government decided to deregulate the market, which influenced the New

South Wales Government's decision not to proceed with Telepower. I reject totally the unfounded criticism of the network management contract tender not providing for technological change. It is not a contract about antiquated technology. The honourable member for Coogee does not understand network management contracts and the savings it will achieve for the Government. It is wrong to argue that a private network is inappropriate. The New South Wales Government's tender recognises this and provides for a full range of network services, including those proposed by Telecom. United States experience indicated considerable savings of 10 per cent to 20 per cent, which is not a major loss to Telecom in an expanding market, but it does represent a saving to the New South Wales Government.

The honourable member for Coogee does not understand fully what a private network is. The State of Georgia in the United States does have a private network and the New South Wales Government is in exactly the same position, but we will use both private network and public network services. The State of Georgia is a very good example of what this Government is trying to do. The honourable member for Coogee implied in his contribution to the debate that somehow the New South Wales Government, through New South Wales taxpayers' money, was obliged to fund Telecom. Austel looks after the interests of country people. It is not really the responsibility of the New South Wales Government. The legislation deals with the New South Wales Government's network and it is nonsensical to suggest that country customers of Telecom will be hurt by that network. To the contrary, they will share with all New South Wales taxpayers the benefits to be derived by using the Government's infrastructure.

The honourable member for Coogee referred to safeguarding the duopoly. It is nonsense to suggest that the Government's network threatens the duopoly. The Government's network represents a small part of Australia's traffic. The honourable member referred also to the Government's proposed amendments. These amendments are in response to valid concerns raised by the Law Society of New South Wales and the Real Estate Institute of New South Wales. A number of discussions have been held with those organisations and their concerns have been resolved. The Government and the Law Society are confident that the remaining issues can be dealt with satisfactorily. The honourable member for Coogee spoke well on Telecom's behalf but the Government is more interested in the benefits to be gained from its own network. Possibly Telecom would be interested to hear the comment that it is not interested in leasing anything from the Government, particularly when Telecom is currently negotiating to lease radio sites for its mobile network and for its new CT2 mobile service.

Mr E. T. Page: Telecom can do that now.

Mrs COHEN: But the honourable member said Telecom was not interested in the leasing. Optus is currently negotiating with the Government for access to the Government's duct systems, radio site structures and other facilities for the rapid rollout of its network. I reject the comment that I have not had anything to do with the

Page 5527

legislation in the past six months. I have worked very hard on the legislation and I am happy to continue with the work of the former Minister. One of the points I must address is the reference to ancient New South Wales equipment. Telecom and whoever made that statement are out of touch with the development of the New South Wales Government's sophisticated infrastructure. Some of the latest technology is being used and the Government's network will continue to employ only the latest technology and equipment. It will be the equal at least of Telecom and Optus.

The honourable member for Lakemba was critical that the bill does not provide for the disclosure of the location of telecommunication cables owned by the State. The honourable member for South Coast made the valid comment that that is already the case with Telecom. At present, land titles do not show the location of Telecom easements. The bill will improve that position, and I am pleased to have introduced that measure. The New South Wales

Government network is based upon government facilities and land. Private land will be involved only on rare occasions and in very few circumstances. However, if that is considered necessary, a private landholder will be compensated and a notation made on the land title. Comments were made about the confidentiality of tender documents. I state clearly that confidentiality is guarded for very good reason. Tender requests contain sensitive information about, for example, the location of police sites. The Independent Commission Against Corruption has reviewed the tender process, including confidentiality requirements, and the confidentiality aspect is quite normal with large-scale tenders.

In reply to some of the comments of the honourable member for South Coast I reiterate that Telecom failed to make the short list for the operation of the Government's private telecommunications network. Telecom was not able to satisfy a very key requirement for it not to exert a controlling interest in any consortium. The requirement was not that it not be part of any consortium but that it not exert a controlling interest. The finalisation of the short list was achieved only after a rigorous selection process that, as has been acknowledged, was reviewed by the Independent Commission Against Corruption both before selection commenced and on its completion. The honourable member for South Coast was concerned also about the impact upon Telecom and Optus of the Government's proposal for a government network. He was concerned that the network manager could become a de facto third carrier - a comment I have heard on many occasions - and he was concerned about the impact upon the viability of the second carrier. The simple fact is that the network manager cannot become a carrier.

I have arranged a comprehensive briefing for honourable members on what the network project involves. It will merely be a network for internal government telecommunications on the Government's infrastructure. It will connect with the public network through a number of exchanges so that all external traffic will be carried by either or both Telecom and Optus. The only financial impact on Telecom will be the savings generated by the efficiencies provided by the Government's network. The vast bulk of the Government's telecommunications traffic will be carried on the carrier's network, at a cost of \$140 million per annum. Therefore the financial impact will be about \$20 million per annum. I am proud to have introduced the bill. It should receive bipartisan support, and I commend it.

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

The House divided.

Page 5528

Ayes, 49

Mr Armstrong
Mr Baird
Mr Blackmore
Mr Causley
Mr Chappell
Mrs Chikarovski
Mr Cochran
Mrs Cohen
Mr Cruickshank
Mr Downy
Mr Fahey
Mr Fraser
Mr Glachan
Mr Graham

Mr Griffiths
Mr Hatton
Mr Hazzard

Mr Jeffery
Dr Kernohan
Mr Kerr
Mr Longley
Dr Macdonald
Ms Machin
Mr Merton
Dr Metherell
Mr Moore
Mr Morris
Mr W. T. J. Murray
Mr Packard
Mr D. L. Page
Mr Peacocke
Mr Petch
Mr Phillips
Mr Photios

Mr Rixon
Mr Schipp
Mr Schultz
Mr Small
Mr Smiles
Mr Smith
Mr Souris
Mr Tink
Mr Turner
Mr West
Mr Windsor
Mr Yabsley
Mr Zammit

Tellers,
Mr Beck
Mr Hartcher

Noes, 44

Ms Allan
Mr Amery
Mr Anderson
Mr A. S. Aquilina
Mr J. J. Aquilina
Mr Bowman
Mr Clough
Mr Crittenden
Mr Doyle
Mr Face
Mr Gaudry
Mr Gibson
Mrs Grusovin
Mr Harrison

Mr lemma

Mr Irwin
Mr Knight
Mr Knowles
Mr Langton
Mrs Lo Po'
Mr McManus
Mr Markham
Mr Martin
Mr Mills
Ms Moore
Mr Moss
Mr J. H. Murray
Mr Nagle
Mr Neilly
Mr Newman

Ms Nori
Mr E. T. Page
Mr Price
Dr Refshauge
Mr Rogan
Mr Rumble
Mr Scully
Mr Shedden
Mr Sullivan
Mr Thompson
Mr Whelan
Mr Ziolkowski
Tellers,
Mr Beckroge
Mr Davoren

Pairs

Mr Collins
Mr Greiner

Mr Carr
Mr Hunter

Question so resolved in the affirmative.

Motion agreed to.

Bill read a second time.

In Committee

Clause 17

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services
[12.42]: I move:

Page 8, clause 17. At the end of the clause, insert:

- (3) Subsection (1) does not apply to a recording in respect of designated land if:
- (a) the land surrounding the designated land is also vested in the Authority; or
 - (b) the position of the designated land has been duly surveyed in connection with a claim for compensation under section 16(2); or
 - (c) the land surrounding the designated land is vested in a Government agency and the position of the designated land has been duly surveyed by that agency or by the Authority.

New clause 17(3) provides for designated land to be noted on the title in a number of instances. First, private land acquired in the future by the authority. Paragraph (a) relates to land that has been acquired by the authority pursuant to proposed section 28(1). Once the wire or other infrastructure has been installed on the land, the space around the wire becomes designated land by the operation of division 2 of part 2 of the bill. The operation of the amendment will require the designated land to be reflected on the title of the surrounding land because, in acquiring the surrounding land, the authority will have acquired a title either by agreement or by resumption. Second, private land affected by vesting. For an applicant to establish a claim for compensation it will be necessary to prove by survey that the applicant's land has been affected by designated land. Once that survey has been carried out, it will then be possible to make a notation on the title to the surrounding land. Third, government land that is sold in the future and is affected by designated land. Paragraph (c) provides for a situation where a survey has been carried out and hence the position of the designated land has been determined with certainty, thus enabling it to be noted on the relevant title. This would then mean that if the land were sold subsequently by the agency, a purchaser would be aware of the existence of the designated land by notation on the title.

Mr E. T. PAGE (Coogee) [12.45]: I have no complaint about the thrust of the amendment. It is similar to the amendment I foreshadowed I would move in Committee. However, the Minister's explanation seems to contain a double negative. The Minister explained that in respect of designated land recordings will not be made. The amendment provides that the provisions of subsection (1) do not apply to a recording in respect of designated land if:

- (a) the land surrounding the designated land is also vested in the Authority; or
- (b) the position of the designated land has been duly surveyed in connection with a claim for compensation under section 16(2); or
- (c) the land surrounding the designated land is vested in a Government agency and the position of the designated land has been duly surveyed by that agency or by the Authority.

I ask the Minister to clarify what other categories of designated land will not be recorded.

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [12.47]: I am unclear what the honourable member for Coogee is seeking. The amendment, which was drafted by the Parliamentary Counsel, is explicit.

Mr E. T. PAGE (Coogee) [12.46]: We are talking about designated land. The new clause refers to three categories of designated land: land surrounding designated land
Page 5530
vested in the authority; designated land surveyed for the purpose of a claim for compensation; and designated land vested in a government agency. What other categories are not covered by the provisions of proposed subsection (3)? Do the three categories exclude all other types of designated land? Are some types of designated land not covered by the provisions?

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [12.48]: When designated land has not been surveyed, it will not be shown on the title. When

designated land has been surveyed, that fact will appear on the title. As the honourable member would know, most of the old land was not surveyed, as is the case with Telecom land. In future, when land is required for new connections and the land is surveyed, that fact is noted on the title. This proposed subsection refers to the notation of surveyed land on to the title of all designated land.

Mr E. T. PAGE (Coogee) [12.49]: If I own a property through which a cable extends, and the property has not been surveyed, am I obliged to disclose that fact to a potential purchaser of the property?

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [12.49]: Is the honourable member referring to a government body or a private person?

Mr E. T. Page: A private individual.

Mrs COHEN: This provision applies to government land and government infrastructure. If land owned by a private individual has not been surveyed but it has infrastructure on it, under the existing law as I understand it - and I shall seek clarification of this matter - the owner is not obliged to inform a purchaser of that fact. This amendment, however, refers to government infrastructure and government land, not a private individual. It is only when government infrastructure has to intrude in the future on private land in some small part - which will be very remote - that private land will be surveyed, valued and noted on the title.

Mr E. T. PAGE (Coogee) [12.50]: This amendment does not do what I believed it would do. The Minister is wrong in saying it deals only with government land. It deals with all land. Designated land means a space occupied by the parts of government telecommunications network, together with a space within 300 millimetres of any such part. The term designated land applies to private land; it could apply to where my property is. I am concerned that a vendor need not disclose the fact that a cable is on his property. The Government has moved an amendment which overcomes some of the difficulties but not the difficulty of an ordinary private person with an encumbrance on the property. I cannot support that amendment; it does not address the problem raised by the Law Society and the Real Estate Institute. Those bodies quite rightly believe in conveyancing disclosure. This means that as a vendor I do not have to disclose my knowledge of a cable on my property. That is wrong.

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [12.51]: The Law Society has advised that it is satisfied with the amendment. The amendment describes all the possibilities of land in which infrastructure is located and will be titled. It is totally impossible to survey all the land with existing infrastructure on it all over New South Wales. Where we can establish that a government

Page 5531

infrastructure is on private land, it will be surveyed, valued and listed on title. The Law Society is satisfied with that. There is no way that the State Government could go across the State surveying and valuing all the land upon which State Government infrastructure now exists. We will do it when we come across it. With a private person or when we are moving into new areas it will have to be surveyed, valued and listed on title.

Mr E. T. PAGE (Coogee) [12.53]: That is completely unsatisfactory because surveying a property and organising an easement is quite a lengthy process. If there is a major encumbrance upon my property, once I have wind that this will be surveyed I could sell the property and not tell anyone about it. The purchaser will not know what encumbrance is there. In her reply during the general debate the Minister said it was only a minor matter and there would not be many cases. That may well be so, I am not disputing that. That is all the more reason why this matter should be tidied up. It will not affect every part of the system. I agree that 99.99 per cent of the system exists on public roads, authorities or properties and that will

not cause any problem. However, there is a possibility that some one will be caught by this legislation. They may buy a property without notice of an encumbrance being present. That matter should be addressed. If there are only a few, it will not cause a great hassle.

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [12.54]: It is impossible to address it in all situations. For example, at present Telecom has access to people's land where infrastructure is not recorded. Infrastructure exists across the State which is not recorded. If we come across infrastructure on private land or we wish to acquire new infrastructure on private land at that time, it will be recorded, valued and listed on the title. We are willing to value and record infrastructure on that private land. However, much of the infrastructure is historical and has been around for 50, 60, 70 or more years and we are not aware of its location in every case. Where we are made aware of the infrastructure and are asked to value and record it on title this measure allows that to be done. If the owner is aware of it, he can claim compensation and ask for it to be surveyed and listed on the title. It is literally impossible to go across the State and record all the infrastructure we have.

Mr E. T. PAGE (Coogee) [12.55]: What Telecom does concerning land tenure is immaterial. That is a Federal matter. Merely because Telecom or some other Federal authority does something does not mean we should compound the same error. Telecom should obtain proper rights where it crosses private property and it should be registered so that there is complete disclosure as to what facilities exist on private properties. To carry a meaningful amendment which puts the responsibility on the vendor to notify a purchaser does not require the authority to do anything. The authority does not have to go out and identify every wire that is in the system. If the vendor knows there is an encumbrance on the property, the vendor must disclose that to the purchaser in accordance with the general philosophy supported on both sides of the House of conveyancing notification. If someone says, "I have found a wire that I believe belongs to you and there should be an easement", that can be organised. However, if a property owner knows something exists on a property, the onus should be on that person to make it known.

Question - That the amendment be agreed to - put.

The Committee divided.

Page 5532

Ayes, 48

Mr Armstrong
Mr Baird
Mr Blackmore
Mr Causley
Mr Chappell
Mrs Chikarovski
Mr Cochran
Mrs Cohen
Mr Cruickshank
Mr Downy
Mr Fahey
Mr Fraser
Mr Glachan
Mr Graham
Mr Griffiths
Mr Hatton

Mr Hazzard

Mr Jeffery

Dr Kernohan

Mr Kerr

Mr Longley

Ms Machin

Mr Merton

Dr Metherell

Mr Moore

Mr Morris

Mr W. T. J. Murray

Mr Packard

Mr D. L. Page

Mr Peacocke

Mr Petch

Mr Phillips

Mr Photios

Mr Rixon

Mr Rozzoli

Mr Schipp

Mr Schultz

Mr Small

Mr Smiles

Mr Smith

Mr Souris

Mr Turner

Mr West

Mr Windsor

Mr Yabsley

Mr Zammit

Tellers,

Mr Beck

Mr Hartcher

Noes, 46

Ms Allan

Mr Amery

Mr Anderson

Mr A. S. Aquilina

Mr J. J. Aquilina

Mr Bowman

Mr Clough

Mr Crittenden

Mr Doyle

Mr Face

Mr Gaudry

Mr Gibson

Mrs Grusovin

Mr Harrison

Mr Iemma

Mr Irwin

Mr Knight
Mr Knowles
Mr Langton
Mrs Lo Po'
Dr Macdonald
Mr McManus
Mr Markham
Mr Martin
Mr Mills
Ms Moore
Mr Moss
Mr J. H. Murray
Mr Nagle
Mr Neilly
Mr Newman
Ms Nori

Mr E. T. Page
Mr Price
Dr Refshauge
Mr Rogan
Mr Rumble
Mr Scully
Mr Shedden
Mr Sullivan
Mr Thompson
Mr Whelan
Mr Yeadon
Mr Ziolkowski

Tellers,
Mr Beckroge
Mr Davoren

Pairs

Mr Collins
Mr Greiner

Mr Carr
Mr Hunter

Question so resolved in the affirmative.

Amendment agreed to.

Clause as amended agreed to.

Progress reported and leave granted to sit again.

[Mr Speaker left the chair at 1.6 p.m. The House resumed at 2.15 p.m.]

Mr SPEAKER: Order! I have this day received the following notice of motion for a matter of public importance, namely:

That this House notes the disintegration of the Eastern Bloc and the emergent democratic institutions and new fledgling nations and calls on the Federal Government to -

- (1) recognise the sovereign independence of the Ukraine, Slovenia and Croatia; and
- (2) provide an undertaking to the Australian people that our policy will be to assist and foster these democratic nations to take their place in the family of nations.

Pursuant to sessional orders I set down the motion for debate at the conclusion of formal business.

QUESTIONS WITHOUT NOTICE

BUDGET REVENUE

Mr CARR: My question without notice is directed to the Premier, Treasurer and Minister for Ethnic Affairs. Are the budget projections once again falling apart? Do the October budget results, for example, show stamp duty revenue running below estimates at an annual rate exceeding \$200 million and payroll tax down \$37 million? What is Treasury's latest advice to the Premier on the revised budget deficit, excluding the GIO sale revenue?

Mr GREINER: There is not a figure for the final outcome for the year. It is certainly true that revenues are running soft. That is not something that I should have thought the Leader of the Opposition would seek to blame the Government for. In fact, given what he was doing today to his mate Bob Hawke, one would not like to have a friend like Bob Carr. When you are on the ropes, when you are the Prime Minister of Australia and you have been the Prime Minister of Australia for almost 10 years, what would you really like - when the Liberal Party is making you look stupid every single day, and all of your ministerial colleagues are falling apart? What does the Leader of the Opposition, the leader of the Labor Party in New South Wales, do? He kicks you in the guts as hard as he can. That is the contribution the Leader of the Opposition makes to his party. It is bully-boy Bob and he gets stuck into poor little Bob Hawke: my mate Bob, and he gets stuck into him.

[Interruption]

Mr SPEAKER: Order! I call the Minister for Sport, Recreation and Racing and Minister Assisting the Premier to order.

Mr GREINER: I have news for the Leader of the Opposition. The reason the economy is where it is -

[Interruption]

Mr SPEAKER: Order! There is too much audible conversation and interjection from members on both sides of the Chamber.

Mr GREINER: The Leader of the Opposition ought to realise that the reason
Page 5534
the economy is where it is, the reason it is continuing to be soft is because of the policies not just of poor old Bob Hawke, whom he is getting stuck into, but because of the policies of Paul Keating.

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

[*Interruption*]

Mr GREINER: Someone mentioned Sussex Street. We will come back to Sussex Street later in question time no doubt.

[*Interruption*]

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

Mr J. H. Murray: What about Eastern Creek?

Mr GREINER: The difference with Eastern Creek is that it goes up in value, as the honourable member will find out in the fullness of time, whereas at the same time -

[*Interruption*]

Mr SPEAKER: Order! There is far too much interjection. I am sure all members hope that question time will proceed smoothly and that the maximum number of questions can be asked. That will be facilitated by members maintaining silence while the Premier answers the question.

Mr GREINER: When the Labor Party sells Centenary House at a loss of about 50 per cent the Government will get a stamp duty infusion, and undoubtedly that will help revenue.

[*Interruption*]

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

Mr GREINER: It is true that the revenues for the year are running behind budget, at the moment of the order of \$100 million or slightly more; it is difficult to say. I make no apologies or excuses for that. It is true that the revenues are weak. The reason for that is the same reason that the Leader of the Opposition and his mate Stephen Loosley made such an appalling decision: it is simply because Paul Keating, Bob Hawke, John Kerin and all their mates made a monumental mess of the Australian economy. That is the reason. It is far too early in the year to be drawing final conclusions. It is certainly true that the economy continues to be soft, as I said about five or six question times ago. It would now appear that any upturn in economic activity is likely to be -

Mr Carr: Tell it to Moody's.

Mr GREINER: That is terrific. That is what we get from the Leader of the Opposition: tell it to Moody's. He is trying to make fun of that. Isn't that wonderful! He is trying to demonstrate that he would like to see the credit rating of New South Wales downgraded. What a tremendous interjection. That shows him up for what he is.

Page 5535

[*Interruption*]

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

Mr GREINER: That shows up the Leader of the Opposition for exactly what he is. He is spineless, he is a coward, he gets stuck into his own Federal leader. He has no interest at all in the well-being of New South Wales. Whenever he gets an opportunity to try to drag this State down he does it as quickly as he can, and indeed when he thinks he can score a point for

himself by dragging down the Australian Labor Party, he does that too. It speaks volumes for what the Leader of the Opposition is really like.

WALSH BAY DEVELOPMENT

Mr HAZZARD: My question without notice is asked of the Minister for Transport. Is the Minister aware of an urgent demand for more residential housing in the inner city area? If so, will the Government revive the multimillion dollar Walsh Bay project to provide more jobs and homes near the central business district?

Mr BAIRD: I thank the honourable member for Wakehurst for his question and obvious interest in this matter and in transport generally.

[Interruption]

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

Mr BAIRD: I hope that members will show the same enthusiasm for reviving the city as that shown by the honourable member for Wakehurst. I recall that the plans to give the Walsh Bay precinct a much-needed face lift were shelved when the successful tenderer, CRI, withdrew from the project about 18 months ago. Members will recall also that the second highest tenderer, Ipoh Gardens, was very keen to be involved in this project. Negotiations have been continuing with Ipoh Gardens officials for some time. The Maritime Services Board has informed me that Ipoh Gardens has made an offer within the framework of its original tender that is attractive enough to warrant detailed negotiations for a lease covering the site. That is the unanimous view of the board of the Maritime Services Board. In other words it is quite possible that there will be a start to this long-awaited project in 1992. Obviously the final details of the development proposals have not been determined. I can assure the House that there will be a major residential component in plans put forward by Ipoh Gardens.

There will also be significant sections of public access, and the site's strong heritage values will be recognised. We want to revive this run-down part of the city and bring it back to the people of Sydney. That is exactly what we will be able to do by providing an injection of housing to the inner city region. I point out that the project has the potential to provide a financial bonus for the people of New South Wales. It is estimated that the revised offer by Ipoh Gardens could see a return to the Government of more than \$88 million. That will comprise guaranteed payments of \$35 million over eight years plus an additional 7 per cent of net property sales in the redeveloped area. A project of this magnitude will provide thousands of extra jobs throughout the New South Wales economy at a time when they are desperately needed. The Lord Mayor of Sydney has expressed a strong desire to see more life in that area of the city and its redevelopment. He shares the Government's view that the best way to do this is to get more people to live near the central business district. This project will mean a major

Page 5536

redevelopment of the Walsh Bay area, which has long been regarded as a site with tremendous potential. Also, it will help revitalise the city centre, create jobs and return a dividend to the State. We hope that the Opposition does not do what it did last time. The contract for the project was about to be signed when the Leader of the Opposition dumped so heavily on the project that it disappeared.

Mr Carr: Read the Independent Commission Against Corruption report.

Mr BAIRD: The Independent Commission Against Corruption clearly indicated that the claims made by the Leader of the Opposition were unfounded.

[Interruption]

Mr SPEAKER: Order! I call the Leader of the Opposition to order.

Mr BAIRD: We have had to go through this whole process again because of the scare mongering, wrecker approach of the Leader of the Opposition. Whether it is Eastern Creek or anything else, the Leader of the Opposition has the same approach. He loves to see bad news. That is his specialty. He wrecked that project but fortunately this Government is putting it back together. Ipoh Gardens looks as if it will successfully manage this contract, which will see a revitalisation of housing within the inner central business district.

F5 TOLLWAY

Mr LANGTON: My question without notice is directed to the Deputy Premier, Minister for Public Works and Minister for Roads. Does the contract for the F5 Tollway involve a three kilometre gap from Casula to the Crossroads? Is there a missing link as a result of pressure from the consortium to increase its profit from the project? In view of the Government's decision to provide additional funding for the motor cycle grand prix, will it now provide funding for this road?

Mr W. T. J. MURRAY: As the shadow minister knows, this matter is before the courts. I am well aware that the shadow minister has no recognition of or respect for the rights and privileges of the courts; nor does the Leader of the Opposition. If the Opposition wants to give the honourable member - the bright ideas man, the perks man - some help, that is its prerogative. I do not intend to do it. The basis of comments by the Leader of the Opposition and of the question is totally related to that, and I do not intend to comment.

GOVERNMENT TRADING ENTERPRISES PERFORMANCE

Mr LONGLEY: I ask the Premier, Treasurer and Minister for Ethnic Affairs a question without notice. What does Treasury's latest study show about the performance of government businesses over the past three years and what are the projections for the future?

Mr GREINER: I thank the honourable member for Pittwater for his continued interest in matters concerning the good government and good management of New South Wales. It is well known that New South Wales has been leading Australia in microeconomic reform ever since the election of this Government in March, 1988. We were involved in microeconomic reform before the Federal Labor Party and, subsequently, other State Labor parties discovered the word. The truth is that Treasury

Page 5537

has studied the plans and performances of the State's 15 major commercial and economic agencies between 1987 and 1988 - the last year of the previous Government - and going up to 1993-94 projections. It is the second year that the Government has put the performance and plans of its major agencies under the microscope of such public scrutiny.

The Treasury report, which is being released today, shows that seven of the Government's major trading enterprises, accounting for 89 per cent of non-budget sector employment, excluding financial agencies, have significantly improved their productivity in terms of physical output per employee. The improvement in employee productivity in the years 1987-88 through to 1991 was 35 per cent and is expected to be 65 per cent by 1993-94. The Electricity Commission alone has recorded a 72 per cent increase in employee productivity over the past three years and is projecting a 95 per cent increase over the six-year period to the end of 1993-94. The equivalent figures for the electricity councils are 28 per cent and 50 per cent; for the Sydney Water Board, 18 per cent and 26 per cent; for the Hunter Water Board, 26 per cent and 44 per cent; for the State Transit Authority, 24 per cent and 49 per cent; and between 24 per cent and 46 per cent at the low end and 51 per cent and 96 per cent at the high end for the various operating divisions of the State Rail Authority. All of those figures reveal

that over the five-year period since the election of the Government almost every area will have enjoyed a minimum 50 per cent increase in employee productivity. This is a tremendous credit, not primarily to the Government, but to the people on the boards of management of those agencies.

Not surprisingly, the available evidence on the financial side shows a reduction in debt and improved operating results. Improved productivity has also resulted in large increases in dividends to help shore up the Budget social expenditures. In 1990-91, \$590 million in dividends and tax equivalents was paid to the Government compared to \$365 million in the previous year and very much less in years before that. In the current year the Government expects to receive almost \$1 billion in dividends and tax equivalents. The improved financial performance has been achieved while New South Wales government charges have been held below the rate of the Sydney consumer price index increase. Given the lies that the Leader of the Opposition likes to tell on this subject, I commend to the House, and indeed to the community, a chart from the Treasury - not from the Government - which indicates the discrepancy between the consumer price index and the government charges index and indicates how much more slowly the government charges index has been rising compared with the consumer price index.

The result is all the more remarkable considering that government businesses, like all businesses, have experienced an economic slowdown as a result of the Federal Labor Party induced recession of the past two years. It is obvious that measuring and monitoring the performance of government businesses is essential to the goal of continuing to improve that performance. That is why the initiative of New South Wales at the July Premiers Conference led to the establishment of a national system for annually monitoring and publicly reporting the performance of all major government businesses throughout Australia. Last year's issue of the publication that we are releasing today acted as a catalyst in persuading other governments of the usefulness of such an exercise.

I simply conclude by saying that the Government does not believe that simply achieving this sort of productivity improvement, while it is very important for all the obvious reasons, is anywhere near the end of the story. The reason we are doing the sorts of things that are involved in the various legislation before the House at the moment - the corporatisation of the Hunter Water Board and the Electricity Commission,

Page 5538

the Telco legislation - is because we are about much more than simply cost cutting, getting rid of fat and those sorts of things. Important as they are, we are actually about market reform, we are about reforming the way in which these enterprises have to compete, in many cases creating a situation where they may have to compete in future in order to make sure that the market forces produce the best possible results for the consumers and taxpayers of New South Wales. I do commend this report which will be available to all honourable members today, "The performance of New South Wales Government businesses". I commend it to them for their study; it really does demonstrate an absolutely unparalleled record of achievement in the good government of the State's enterprises.

LIVERPOOL HOSPITAL REDEVELOPMENT

Mr ANDERSON: I direct my question without notice to the Minister for Health Services Management. Is it a fact that the \$196 million redevelopment of Liverpool Hospital could be completed at least one year earlier than currently proposed if an additional \$6 million was expended in 1992-93 and \$26 million was brought forward in the following two financial years? Given the Government's continuing ability to pour millions into Eastern Creek will you agree to the funding proposal I have outlined?

Mr PHILLIPS: On one hand the Leader of the Opposition asks a question expressing concern about the income of this State when Australia is in the worst recession it has been in

for 60 years. On the other hand, he asks: can you produce another \$6 million here and another \$20 million there to spend on Liverpool Hospital?

[Interruption]

Mr SPEAKER: Order! I call the Leader of the Opposition to order for the second time.

Mr PHILLIPS: Let us talk a little bit about Liverpool Hospital. When we came to government in 1988 Liverpool Hospital was not even on Labor's major development program.

Mr Anderson: That is a lie and the Minister knows it.

[Interruption]

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

[Interruption]

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

[Interruption]

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

Mr PHILLIPS: As made clear in this House time and time again by the previous Minister who is now the Attorney General, it was this Government that determined that Liverpool Hospital needed to have substantial investment, \$200 million, and that we would designate it as a teaching hospital. We have Labor's policy and that

Page 5539

work is nowhere in it. The hypocrisy of those in the Opposition about health and a whole range of issues is highlighted on this matter.

Mr Gibson: Tell us about Hawkesbury Hospital.

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

Mr PHILLIPS: Quite clearly the member for Londonderry is concerned about Hawkesbury Hospital because that was not in Labor's policy either. This Government will build Hawkesbury Hospital and we will continue our commitment -

Mr Gibson: It is not on the program and the Minister knows it.

[Interruption]

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

[Interruption]

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

[Interruption]

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

Mr PHILLIPS: The fact is that between 1985 and today the contribution of the Federal Government to health funding in New South Wales has reduced from 40 per cent of the New South Wales health services budget to 34 per cent.

[Interruption]

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

Mr PHILLIPS: In spite of that this Government through our Premier has given number one priority to health care services.

[Interruption]

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

Mr PHILLIPS: This year, in spite of the lack of commitment from the Federal Government, in spite of the fact that we are in the worst recession for 60 years, the health budget in New South Wales was not cut; it has maintained its level of funding.

[Interruption]

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

Mr PHILLIPS: Under the previous Minister we made a commitment to Liverpool Hospital. That commitment is on time, we will deliver that \$200 million worth of development. We will make it a teaching hospital and we will give service to the people of the western suburbs that Labor administrations over 12 years seriously neglected. That question and the contradiction to the earlier question by the Leader of the Opposition -

[Interruption]

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

Mr PHILLIPS: - clearly shows that members of the Opposition will grasp at any straw. They do not even ensure that the questions they are asking between each other stack up to a consistency. On the one hand they agree that there is a difficulty of funding in New South Wales. On the other hand they just want us to produce another \$26 million out of the air.

TELECOM-OTC HEADQUARTERS

Mr MERTON: I direct my question to the Minister for State Development and Minister for Tourism. Is the Minister aware of media speculation that the headquarters of the proposed Telecom-OTC organisation will remain in Melbourne following a direction by Federal Cabinet? Has the Minister been advised of the effect such a decision would have on other major businesses which want to relocate to Sydney?

Mr YABSLEY: I am always grateful for the assistance of the Minister for Housing. The Minister for Housing and I are the happiest men in the House because we are both on the same Christmas card list. The Christmas card that I have received -

[Interruption]

Mr SPEAKER: Order! Members may be anticipating with pleasure the onset of Christmas and we all hope that brings with it cessation of parliamentary activities for 24th December. However, I deplore the trivialising of question time. I ask the Minister to abandon the course he was about to embark upon and answer the question.

[Interruption]

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

Mr YABSLEY: The crumpled crime fighter from Londonderry. The comments from Canberra over the last couple of days in relation to the headquartering of OTC-Telecom can only be described as classic bully boy stuff. Consider the facts about where the telecommunications business is in Australia: 55 per cent of corporate customer users of international telecommunications are based in Sydney compared with 25 per cent in Victoria; 66 per cent of total revenue earned by Telecom from corporate usage of international telecommunications is derived from New South Wales compared with 20 per cent from Victoria. New South Wales is easily the biggest telecommunications market for local and STD calls. More than half of Telecom's customers are located in Sydney, close to the biggest market that is widely accepted as an absolute commercial necessity in competitive business. There is one basis only upon which the decision should be made in relation to the location of the headquarters of OTC and that is commercial

Page 5541

considerations. This corporate bully boy stuff was accurately described by Tom Burton in the *Sydney Morning Herald* in this way:

The Cabinet's decision this week to lean on Telecom-OTC to stay in Melbourne is crude parochialism, bad policymaking and rank hypocrisy.

On the same day as it was appointing a new board to take Telecom-OTC into the brave new world of competition, the Cabinet sent a sharp reminder of what life under government ownership really means.

The decision leaves the new board with the option of either submitting meekly to the whims of the Cabinet or rolling its shareholder.

We know what will happen with this decision. It will be the shareholders who will take a very poor second place if the clearly expressed wishes of Federal Cabinet are carried through. The Federal Government should think about the national advantages or disadvantages of locating the headquarters in Melbourne. If Australia is to become the regional telecommunications hub and AOTC is to become a competitive global company, there is only one place for the headquarters and that is Sydney. Anything else is total commercial folly. AOTC is a national asset which will lose its value if it is forced to remain in Melbourne. At a time when competition is being introduced into telecommunications, Telecom is being shackled by heavy-handed Federal Government intervention in its commercial decisions.

[Interruption]

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

Mr YABSLEY: It is precisely that type of intervention - the classic VEDC stuff - that put Victoria into the mess it is in today. The Federal Government would inflict the Victorian experience on the whole of Australia. It is trying one thing, that is, to bail out Victoria from the economic quagmire it is in by forcing the location of the headquarters of AOTC in Melbourne. That type of heavy-handed intervention is a disgrace. It is a corporate disgrace; it is a commercial disgrace; it is a political disgrace and the Federal Government stands condemned for its tactics.

TELECOM-OTC HEADQUARTERS

Mr MERTON: I seek to ask a supplementary question. In view of what the Minister has said, what action will he take to urge the Federal Government to reconsider its decision? Specifically, has he been advised whether the Telecom-OTC headquarters could take up any vacant space at Sydney's Australian Labor Party Centenary House so that unionists might be repaid money they are owed by the New South Wales Labor Party?

Mr Langton: On a point of order. The question is quite clearly contrary to the standing orders in that it provides rather than seeks information.

Mr SPEAKER: Order! I uphold the point of order.

CENTRAL COAST TEACHERS

Mr J. J. AQUILINA: I direct my question without notice to the Premier, Treasurer and Minister for Ethnic Affairs.

Page 5542

[Interruption]

Mr SPEAKER: Order! It is difficult for those who wish to hear the question, who appear to be in the minority, to be able to do so. I ask honourable members to co-operate so that the question can be heard in silence.

Mr J. J. AQUILINA: I ask the Premier whether the 70 teachers axed by the Government from Central Coast schools in 1988 could be reinstated for the next five years from the Government's \$16 million gift to race promoter Bernie Ecclestone? Why does the Premier not give higher priority to the education of children on the Central Coast than he does to a sports promoter?

Mr GREINER: The answer is, absolutely not. There is no net money available out of that source. That money is in fact money that is being laid out and will recover other money. The member who asked the question knows it is absurd, as everyone else does.

[Interruption]

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

DROUGHT ASSISTANCE FOR RURAL WOMEN

Ms MACHIN: I direct my question without notice to the Minister for Agriculture and Rural Affairs. What is the Government doing to assist rural women during the present drought and recession? How has the situation in rural New South Wales worsened, and what will the Government do to improve the plight of country people?

Mr ARMSTRONG: Since attending a meeting of rural women in Parkes in May, together with my colleague the Minister for School Education and Youth Affairs, the Government has sought to offer some practical help for rural women. Indeed, in August at Lake Cargelligo the Premier pre-empted something I said at Nyngan last week concerning the formation of a country women's network across New South Wales. It recognises the huge contribution rural women make to rural families and country communities across the State. The network will be established under the New South Wales Department of Agriculture to act as a focal point for the collection, development and dissemination of information about programs, services and resources of interest to rural women and their families. The aim of the network is to link rural

women into existing services and groups of which they may not be aware and to provide them with a mechanism for voicing their concerns and for participating more actively in decisions which affect them. Effectively the network will establish a link between the highly respected Country Women's Association network of branches and other community-based groups as well as government services.

The rural women's network will enable the Government better to target rural women through seminars, workshops and training courses on a wide range of subjects such as cash flow budgeting, farm business management, dealing with the bank manager and special interest topics. The network is strongly supported by the New South Wales Women's Advisory Council. It will provide an important interchange of social and personal support for rural women across the State. A co-ordinator for the network will be established as soon as possible and will have an advisory committee providing vital

Page 5543

feedback and assistance. Last weekend I was accompanied by the Director-General of Agriculture and by the Executive Director of the Royal Society for the Prevention of Cruelty to Animals when I visited the drought affected areas of the Upper Hunter, North Coast and the far west of New South Wales. Honourable members will appreciate that 66 per cent of the State is now drought declared. I can honestly say that I have never seen so many areas of the State in such poor condition. It is now quite evident that any chance of a spring recovery has expired.

The demoralisation of our farming community is alarming. Most farmers are having to hand feed stock and in many cases farmers have run out of feed, have low water supply and face severe cash flow problems. Many farmers operate on negative income until seasonal conditions improve and there will be a time lag of potentially two or three years, particularly for cattle farmers, before that situation is reversed. Soil conservation is always of major concern but the drought is causing the loss of ground cover and is exposing topsoil to erosion by wind and by water when the drought-breaking rains come. In some areas that are usually irrigated there has been insufficient flow in the creeks and rivers to allow farmers to irrigate. Fortunately our Government is providing more assistance for drought stricken communities than any other State Government in Australia by providing 50 per cent transport subsidies for fodder, for livestock transported to or from the farms, and for water. Under the Farmforce program farm management workshops in record-keeping and cash flow budgeting are being held across the State. The Government provides 50 per cent of funding for rural counsellors in their first year. Our Farm Cheque program is helping farmers to better manage their farms and their finances. It is a whole farm monitoring and management program which aims to make farmers aware of the effect of each decision on their operations and to identify areas of high cost or inefficiency.

The 008 hotlines based in Dubbo and Maitland are proving popular. However, last weekend I received numerous complaints about high interest rates charged by some banks in some regions of the State. It is obvious that the recent interest rate reduction on prime banking rates has not brought any relief to farmers or small business people. In many cases any reduction in rates has been absorbed totally by an increase in margins charged by some banks. Despite a basic agreement with the banks not to charge more than a 2 per cent margin for rural assistance loans, leading accountancy firms and farmers report that margins of 3.5 per cent and up to 4.25 per cent over the prime rate are being charged. It is unacceptable in these hard economic times for banks to be fudging the books in some cases by indicating interest rates have reduced when in real terms carry-on loans are costing farmers more than they were before the drop in the prime banking rate.

It is reasonable to suggest that, over the next few years, 5 per cent to 8 per cent of farmers will exit farming. Upwards of a further 15 per cent are in a precarious economic position and their fate hangs, to a great extent, on the return of a normal season in the next two months and an increase in productivity returns combined with a real lowering of interest rates. I urge farmers and their families to continue applying to the Rural Assistance Authority for national assistance by way of interest subsidies on loans, particularly under part B which is a

short-term interest subsidy to allow farmers to carry on for periods of two years. Farmers should also approach their local offices of the Department of Social Security to inquire about farmers' income support through Jobsearch and New Start allowances, which provide social security payments to farmers facing severe cash flow problems. The rural community urgently needs another review by the Federal Government of interest rates, which are crippling our farm families and rural small business. I urge members on the Opposition benches, if they are really interested, to speak to their Federal colleagues and to support this Government in its

Page 5544

endeavour to hold together the fabric and the infrastructure of rural New South Wales - the farmers or small business people in country towns and villages. I seek their bipartisan support, particularly in addressing what may in some cases be an escalation of interest rates to customers despite the fact that the prime lending rates have been reduced.

NATTAI NATIONAL PARK MINERAL EXPLORATION LICENCES

Dr METHERELL: My question without notice is directed to the Premier, Treasurer and Minister for Ethnic Affairs. Were exploration licences, leases or other entitlements held by AGL-Amoco in the Warragamba catchment area recently renewed? What will be the effects of these licences and leases on the Warragamba catchment and the proposed Nattai national park and Nattai wilderness? Was the Water Board consulted before these renewals took place? Will the Minister table the board's views? Finally, will the Premier honour the iron-clad undertakings given to this House by the Minister for the Environment on 15th November?

[Interruption]

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

Mr GREINER: I am unaware of the answers to many of the detailed questions asked by the honourable member for Davidson, but I am happy to get them for him. I indicated to the House a couple of days ago that the other matter is under consideration.

CENTRAL BUSINESS DISTRICT OFFICE SPACE

Mr PHOTIOS: My question without notice is directed to the Minister for State Development and Minister for Tourism. Is there a glut in available office space in Sydney's central business district? What effect has this had on the property market?

Mr YABSLEY: The question asked by the honourable member for Ermington raises an opportunity for me to refer to businesses that would want to relocate from Melbourne to Sydney, business that should have its headquarters in Sydney and the acute problem that some of them are having in finding office space. There is no doubt that Sydney's central business district can provide adequate office space for the head office for Telecom-OTC. When the property portfolio wizards and money market strategists of the Australian Labor Party face the music at their State conference this weekend I think they should consider offering 291 Sussex Street to AOTC as the possible new Telecom headquarters.

Mr Schipp: Rent free.

Mr YABSLEY: Rent free.

[Interruption]

Mr SPEAKER: Order! I call the Minister for Agriculture and Rural Affairs to order.

Mr YABSLEY: We need more of the Christmas spirit. In some quarters 291 Sussex Street is known as Sydney's "Fawltly Towers". It was said to be a \$3.8 million bicentennial gift to the Australian Labor Party by the former State secretary, Stephen
Page 5545

Loosley. In legendary terms it has become known by members of the Australian Labor Party as "Loosley's legacy". In convincing the Federal Government to choose Sydney for the Telecom-OTC headquarters we could look at what Stephen Loosley, the confidante and power broker for the Leader of the Opposition, said about the purchase back in January 1990. He said, "We have bought well and at the right time".

[Interruption]

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

Mr YABSLEY: He also said, "We have achieved the best possible deal for Australian Labor Party members". It is about as good as the deal that was done on the front steps of Town Hall that put Barrie Unsworth in here as Premier.

[Interruption]

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

Mr YABSLEY: How true is the saying, "If you cannot run your own party what hope do you have of running the State?" The facts are that Stephen Loosley is not the only person entitled to take credit for this purchase. I can reveal that the brainchild behind the purchase was none other than the Leader of the Opposition. This is a glowing example of the real estate acumen of Bob Carr - his management skills at work in the ultimate sense. As a member of the administrative committee of the Australian Labor Party he steered that committee towards the historic purchase of 291 Sussex Street.

[Interruption]

Mr YABSLEY: They are very quiet. They are unusually quiet for this festive time.

Mr A. S. Aquilina: On a point of order. I have been very quiet because I would like to hear the answer to the question. The Minister has been speaking for two minutes but he has not yet attempted to answer the question asked by the honourable member. Mr Speaker, I ask you to ask him to address the question.

Mr YABSLEY: They are very quiet about -

Mr SPEAKER: Order! I thought the Minister for State Development and Minister for Tourism was adding some wisdom to the point of order.

[Interruption from gallery]

Mr SPEAKER: Order! I ask that that woman be removed from the gallery. Normally I am in the habit of having to direct members on the floor of the Chamber about the method of conducting themselves in the Chamber. Members in the public gallery are here as occasional visitors but, for their information, I advise that it is against the rules of the Parliament for members in the gallery to participate in any way in what is happening in the Chamber. I ask them to remain silent for the rest of question time. On the point of order: I was concerned that the Minister for State Development and Minister for Tourism did not appear to be addressing himself to the substance of the question. I ask him to come back to the substance of the question.

Mr YABSLEY: After his -

Ms Allan: You have been upstaged, Michael.

Mr SPEAKER: Order! I call the honourable member for Blacktown to order. Again I direct the Minister for State Development and Minister for Tourism to answer the question that was asked of him.

Mr YABSLEY: After the outburst today by the Leader of the Opposition in relation to the headquarters of Telecom-OTC he really should not be so coy about his role in relation to the infamous premises in Sussex Street. In his usual spineless way he was running and ducking for cover.

Mr SPEAKER: Order! On two occasions I have directed the Minister for State Development and Minister for Tourism to answer the question he was asked. He is continuing to deal with matters that are outside the parameters of the question. I ask him to resume his seat.

TONY PACKARD HOLDEN BAULKHAM HILLS DEALERSHIP

Mr KNIGHT: When will the department of the Attorney General, Minister for Consumer Affairs and Minister for Arts complete its investigation regarding the alleged misappropriation of more than \$37,000 from a customer by the Baulkham Hills dealership of Tony Packard Holden?

[Interruption]

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

Mr KNIGHT: What action will the Government take to protect a consumer who traded in his car, signed up for another loan and now finds that Tony Packard Holden failed to honour its agreement to pay out the original loan?

[Interruption]

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

Mr COLLINS: I should have thought it would have been more direct for the honourable member, if he wished to attack a member on this side of the House, to have done so in accordance with the forms of the House. As he has not chosen to do that, I shall respond by saying that the Commissioner for Consumer Affairs now has that matter before him and is expected to report on it soon. Needless to say, the commissioner should feel free to act entirely independent in the matter. I look forward to receiving his report and, when I do, making known the results.

PETITIONS

St Joseph's Hospital

Petition praying that the Minister for Health Services Management intervene to save St Joseph's Hospital from closure and that the necessary funding and support staff

be provided to allow it to continue to operate as a public hospital, received from **Mr Shedden**.

Lidcombe Hospital

Petitions praying that the House reject any proposals to close down or cut back services or staffing at Lidcombe Hospital but instead support an increase in services and staffing at the hospital, received from **Mr Gibson and Mr Shedden**.

Woolloomooloo Finger Wharf

Petition praying that public money not be wasted demolishing the structurally sound finger wharf and establishing a walkway on the western side of Woolloomooloo Bay but instead that basic renovations be carried out on the wharf and an integrated multimedia arts centre be established, received from **Ms Moore**.

Conveyancer Licences

Petition praying that the House take the necessary action to license conveyancers in New South Wales and end the monopoly held by the Law Society of New South Wales, received from **Mr Amery**.

Liverpool Public Sector Services Funding

Petition praying that the Government not cut funding to government services in the Liverpool area but that it immediately review its Budget and reallocate resources on the basis of social justice and equity principles, received from **Mr Anderson**.

Walker Estates

Petition praying that the Government preserve the Walker estates, including Yaralla, for public use, received from **Ms Moore**.

Cooks River Pollution

Petition praying that the House take steps to restore the Cooks River to its original condition, received from **Ms Moore**.

Steel-jawed Leg Hold Traps

Petition praying that the House legislate to ban totally the manufacture, sale and use of steel-jawed leg hold traps in all areas of the State as they cause great suffering to all animals and birds, both target and non-target, caught in them, received from **Ms Moore**.

Sydney Harbour Foreshores

Petition praying that the House stop the sale of publicly owned land on the foreshores of Port Jackson and its waterways, including that currently leased from the Maritime Services Board, and retain such land in public ownership; acquire for the public foreshore land whenever the opportunity arises; and optimise public access to the foreshore, received from **Ms Moore**.

Page 5548

Royal Agricultural Society Showground

Petition praying that the House will prevent the sale by the Government of foreshore and public parklands, including the Royal Agricultural Society Showground, the E. S. Marks

Athletic Field and part of Moore Park, and that residents be included on their administrative bodies, received from **Ms Moore**.

Woollahra Traffic

Petition praying that the House take all necessary steps to reduce the traffic volume in Ocean Street, Woollahra, and that Ocean Street be returned to a safe and pleasant street consistent with residential neighbourhood values, received from **Ms Moore**.

Royal Hospital for Women

Petition praying that the House provide funding to the Royal Hospital for Women to ensure that it maintains its leadership role in women's health care, received from **Ms Moore**.

Water Rate Payments at Post Offices

Petitions praying that for the convenience of customers, particularly the elderly and those without private transport, the Minister for Housing reappraise the facilities available for the payment of water rates to include post offices, received from **Mr Rumble and Mr Sullivan**.

Health Services

Petition praying that funding cuts to health services and hospitals cease and that funding be provided to ensure that waiting lists for hospitals and operations are eliminated, received from **Mr Gaudry**.

HUNTER WATER BOARD (CORPORATISATION) BILL

Bill read a third time.

BUSINESS OF THE HOUSE

Unanswered Questions Upon Notice

Mr SPEAKER: Order! In accordance with the sessional orders I draw to the attention of the House that the following questions upon notice have not been answered: No. 212, standing in the name of the Attorney General, Minister for Consumer Affairs and Minister for Arts; No. 307, standing in the name of the Minister for Conservation and Land Management; and Nos 269 and 292, standing in the name of the Minister for Health Services Management.

Mr COLLINS: Question No. 212 on the *Questions and Answers* paper was directed to the Minister for Police and Emergency Services in another place. I note that many of the questions that have been answered during the past few days have been answered by that Minister as well as by me in my various capacities. This question is outstanding and I shall refer it to the Minister in the other place and seek from him the earliest possible answer. I apologise to the House for the oversight.

Page 5549

Mr WEST: Question No. 307 on the *Questions and Answers* paper was addressed by the honourable member for Blacktown to the Minister for Natural Resources on 29th August. The question was not addressed to me; it was changed with the Clerk about one week later. Because the honourable member has such a considerable interest in forestry matters I advise her that the question should have been addressed to me, and this morning I provided the Clerk with a written answer.

Mr MOORE: On behalf of the Minister for Health Services Management I inform the House that I am led to believe that the outstanding answers have been lodged on his behalf.

UKRAINE INDEPENDENCE AND SLOVENIA AND CROATIA SELF-DETERMINATION

Matter of Public Importance

Mr GREINER (Ku-ring-gai), Premier, Treasurer and Minister for Ethnic Affairs [3.6]: I move:

That this House notes as a matter of public importance the disintegration of the Eastern Bloc and the emergence of democratic institutions and new fledgling nations and calls on the Federal Government to:

- (1) Recognise the sovereign independence of the Ukraine, Slovenia and Croatia; and
- (2) Provide an undertaking to the Australian people that our policy will be to assist and foster these democratic nations in taking their place in the family of nations.

There could be no question that at this moment the world is going through a crucial and indeed an historic period - probably the most crucial and historic period in the second half of this century - that will determine not only the maps of the world in the twenty-first century, but, far more important, the values of the world community. There can be no doubt that the peoples of the various countries referred to in the motion - and they are countries - of the Ukraine, Slovenia and Croatia have made very significant contributions to Australia. That applies also of course to people from the Baltic States, which has been recently recognised, and from Russia, Armenia, Serbia and so on. At this time it seems to me to be important, given the historic vote yesterday in the Ukraine, that this House place on record its attitude both as an expression of the support of New South Wales citizens and their solidarity with the cause and indeed as a spur to the Federal Government to take rather more expeditious and principled action than it has taken to this time.

The Western world has rejoiced at the break-up of totalitarian communist regimes in Eastern Europe and at the death of communism in the Soviet Union. The moral, political and economic bankruptcy of communism has been exposed and the principles of liberal democracies and the free market system have been vindicated. Indeed, last week when I visited Russia I was astounded but very pleasantly surprised that the Deputy Foreign Minister of the Russian Republic said, at the very first meeting that the delegation and I attended, that 1917 was a great tragedy for the Russian people. It seems to me that that statement from a Minister of the Russian Government rather epitomises the totally dramatic political turnaround, and of course the statement is true.

It might not extend the truth to say that 1917 was a great tragedy for the people of the world because of its impact on this century, an impact that has been substantially

Page 5550

for evil. It is apparent that the transition to democracy and free enterprise in Eastern Europe and what was the Soviet Union will not be easy. But the West has an obligation to support and encourage the process. Australia, has been lucky in the sense that throughout its entire history it has had an unbroken period of democracy, and the value of freedom has been very clearly at the forefront of its set of national values. Thus, Australia ought to be in a position of leadership rather than in a position of following with respect to nurturing and encouraging this process in Eastern Europe and the former Soviet Union. At the moment the West is placing some of these countries in an impossible bind. One cannot encourage people to throw off the yoke of totalitarianism and communism and then leave fledgling nations in the lurch. Essentially that is exactly what is happening, what may happen in the Ukraine, and what certainly happened in Croatia and Slovenia. At the same time that those countries were battling for economic, political and defence survival they were left without the security and basis of recognition by the international community of nations. To put it at its most simple, that is just not fair.

It is obvious that the break-up of the Soviet Union will cause some problems but, as I discovered last week, the trend is irreversible; it is inevitable. Indeed, persons standing in the Red Square seeing the Russian red, white and blue flag flying over the Kremlin see a symbol that the world ought to rejoice about. The world should be supportive of what that stands for, not only for the Russian people but for all people who have been unreasonably subjugated under that red flag which now flies at one end of the Kremlin buildings. With respect to the Soviet Union, it is obvious that some economic union, maybe even some loose political confederation, will emerge. For reasons of central banking and so on, that is clearly desirable. While that process is being worked out by the people concerned, it is quite unreasonable to suppress their legitimate desire and enthusiasm for national self-determination. I turn to deal specifically with the motion. The first part deals specifically with the Ukraine. It is fair to say that throughout this century, both in the Ukraine, Australia, and many other countries - notably Canada and North America - the Ukrainians have maintained at the very highest level a sense of their national identity, their own culture and their own religion. It is equally obvious that the Ukraine is a viable State with some 52 million people, a strong economy - which is not the case with other Russian republics - and is in every sense a viable State. There is simply no excuse for Australia dragging the chain in recognising the Ukraine. I should like to quote from what Dr Hewson said yesterday, and I think he is exactly right. He said:

The Australian Government should recognise the independence of the Ukraine. The Ukraine has fulfilled the international criteria for statehood. Action by the international community to recognise the Ukraine can now be an effective way of helping the Ukrainian people to achieve their justifiable aspirations to independence.

Such international action can also help to bring about productive negotiations between the central authorities and the Ukrainian Government on implementing the Ukraine's independent status.

The Australia Government lacks direction and leadership on this issue.

Yet on 22nd November in Kiev, the Foreign Minister, Senator Evans said, "Australia is not keen to race into recognition" and that the Australian Government had "no present plans" for formal recognition of any of the Soviet Republics that had declared independence.

The Australian Government has given no valid reason to delay recognition

That is patently correct in terms of a strict reading of the normal criteria which Senator Evans and others spell out for these things - and quite properly so. But of equal

Page 5551

importance to worrying about strict technical criteria is that in straight, plain, commonsense terms it is totally without justification. There could be no excuse at all, when a country such as Canada is indicating quite clearly its intention with respect to the Ukraine that Australia is still flip-flopping from one side to the other saying, "We would like to but they are not quite ready or they may be ready" and so on. Though issues dealing with debt and military forces need to be resolved, the fact that countries such as Australia move rapidly to recognise independence will accelerate and facilitate the process of resolving those issues which are important not only for the countries concerned but for the world at large.

I shall now refer to the portion of the motion dealing with Slovenia and Croatia. It would be apparent to everyone - certainly those in New South Wales - that Yugoslavia in its previous State form no longer exists. The legacy of Titoism has left that economy in tatters and the rump of the communist old guard regime is still trying to dominate. Democratically elected governments of Slovenia and Croatia have quite clearly - and now some time back - declared independence, and the West should recognise those democratic wishes. The reality is that if the Western World had moved earlier to recognise Slovenian and Croatian independence, then quite arguably the civil war and the bloodshed that has occurred - and to some extent is still occurring - could have been avoided. It is a fact that major nations like to deal with big nations.

However, the convenience of the major powers is not the priority issue. The priority issue is simply human rights, the most basic human rights in terms of freedom and self-determination. It is quite clear that the process of organising what was formerly Yugoslavia would have been greatly facilitated and many lives would have been saved if the world had been able to recognise the independence of those countries. It certainly would have meant that the United Nations involvement to achieve a peaceful solution would have been much easier and much more likely to be effective.

I believe - and I hope the House believes - that the Federal Government ought to move at the earliest opportunity to recognise Slovenia and Croatia. It is rather hypocritical for the West to recognise the Baltic States - which I applaud and which should have happened earlier - yet ignore the rights of self-determination of Slovenia and Croatia. Of course, the same problem will arise progressively with the other Soviet republics. Armenia is an obvious example, as is Georgia and so on. While many of those may end up in some loose confederation and indeed in some economic or rouble bloc with the Russian Republic, that is in no way an excuse or justification to deny those peoples the right to their national independence and self-determination. I say in passing that Senator Evans should be congratulated for his management of the foreign policy of Australia. I would hope that, rather than Australia being a follower, we should not be content to be at the tail-end Charlie position in recognising these countries but should show some leadership. We are detached and removed in a geographic sense. However, many tens of thousands - and collectively hundreds of thousands of people - came here, in a first or second generation sense, from those countries and are now excellent and proud citizens of Australia. Nevertheless, in my view they are entitled to believe that their government, the Australian Government, would recognise the independence of their former homelands.

In conclusion both I and Mr Kerkyasharian, the Chairman of the Ethnic Affairs Commission, appreciate the maturity shown by communities within the former Union of Soviet Socialist Republics and Yugoslavia over this period of very considerable tension for them, their families and indeed their countries. It is a great credit to the way the multicultural system in New South Wales works that over the past 12 months or so of the

Page 5552

present crisis we have been able to weather this period of tension with virtually no conflicts, but with a desire by those groups to maintain between themselves and the Australian Government their aspirations and hopes for their former homelands. This has been achieved without involving the broader Australian community in their problems and difficulties; and that is a credit to those communities.

It is an absolute fundamental matter of human values that the House should express a view on issues of this kind. I am sure it will do so in a non-partisan manner. That is as it ought to be, because we are going through a monumentally historic time in the affairs of the world; and Australia now recognises, as the agreement that I signed with the Russian Government a week ago recognises, that we are part of what is happening in the world. The global barriers have all broken down. What happens in Europe, what happens in Russia and what happens anywhere in the world that diminishes the freedom of any individual is relevant, and ought to be relevant, to every person in New South Wales. Ultimately we are all talking about the same set of values. I commend this matter of public importance to the House.

Mr CARR (Maroubra), Leader of the Opposition [3.21]: In supporting the motion I wish to begin by pointing out that yesterday I wrote to the Prime Minister of Australia urging him to promptly recognise the new Ukrainian Government, to recognise the independence of the Ukraine. I said that Ukrainians had voted overwhelmingly for independence in a democratic

ballot and that Australia should be among the first countries in the world to recognise the reality of Ukrainian nationhood. I said that Australia should be proud to add its support to the independence and the democratic aspirations of a nation of 52 million people. Throughout all the years since 1917 and the construction in the Soviet Union of a one party Marxist-Leninist dictatorship Ukrainians have been among the most persecuted groups. The famine that Stalin inflicted on the people of the Ukraine ranks as one of the great villainies in human history. As Robert Conquest notes in his book *The Great Terror*, the classic study of Stalin's persecution, of Stalin's despotism, it was the great example in human history of a man-made famine. It resulted in the deaths of millions of people. In Solzhenitsyn's *The Gulag Archipelago* the author notes that in any of the labour camps, any of the prisons, any of the psychiatric asylums where languished the opponents of the communist dictatorship there were Ukrainian nationalists. They were in all the labour camps and prison camps that made up the Gulag Archipelago.

Under Stalin one saw nothing less than the monstrous persecution of various nationalisms. With the collapse of Marxism-Leninism we are now seeing an opportunity for free national expression. I am one who has been heartened by all I have seen of contemporary Ukrainian nationalism. It is, as we see it, a democratic movement; it is a movement that is welcoming the opportunity to negotiate issues such as control over nuclear weaponry. In brief, it is a movement whose aspirations ought to be recognised and endorsed. I point out in passing that my colleague the honourable member for Charlestown is associated with Ukrainian independence through the work of his wife Anita in that community. That reminds me of the important role Ukrainian immigrants have played in the creation of Australia's multicultural society. In regard to the second part of the motion I welcome the assurance given by Senator Gareth Evans in the Senate on 9th October:

We in Australia and the Government accept that the desire for independence by the people of Croatia, and Slovenia . . . has been popularly and democratically expressed. As the Prime Minister has said on a number of occasions . . . Australia will be among the first to recognise Croatia and Slovenia when the conditions are right; as soon as we can, in other words.

Page 5553

We welcome that assurance. My colleague the honourable member for Cabramatta is in the process of drafting a resolution to be considered by the foreign affairs committee of the Australian Labor Party in New South Wales, which calls on the Federal forces in Yugoslavia to withdraw from the disputed areas upon the establishment of a United Nations peace-keeping force in order that local populations be assured safety and security pending a political resolution of the crisis. That is the key: peaceful resolution of the crisis that will permit a long-term political solution to occur. Any interpretation of that will result in a free and democratic plebiscite, possibly under United Nations supervision, that will enable that expression of self-determination. We are living in historic times: opportunities have been created by the collapse of a philosophy that has done enormous damage to the world, Marxism-Leninism. It was an experiment that lasted nearly three quarters of a century. It did extraordinary damage. The loss of tens of millions of lives can be attributed to the maligned nature of this philosophy.

Mr SPEAKER: Order! The honourable member has exhausted his time for speaking.

Mr ZAMMIT (Strathfield) [3.26]: In the limited time available to me I shall concentrate my comments on the 52 million courageous Ukrainians, but I emphasise that I have equally strong feelings for the courageous Croatians and Slovenians. The Ukrainians are descended from agricultural people who lived in and around the Dnepr and Dnestr valleys who trace their history back more than 3,000 years, much of it under foreign domination. As far back as the seventh century BC they were under the control of the nomadic Iranians. It was 1,000 years later before they were able to establish their own country, more like a loose federation. Their fortunes see-sawed between degrees of oppression and liberty. It was not until the year AD

988 that once again the Ukrainians were freed, and this time under Vladimir the Great, who adopted the Greek Orthodox religion, made Kiev the capital and was open to western influences. The culture was predominantly Byzantine but, as I said, they were open to influences from all over the world, especially western Europe. However, from that time onwards the Ukrainians never knew freedom from political or foreign domination. In the sixteenth century Lithuania and Poland were united under one monarch and the Ukrainian people became serfs, slaves. Before that some of the worst treatment possible was heaped upon the Ukrainians by the Mongols. That was followed by an even worse period under Stalin in the 1920s and 1930s.

The situation remained the same for a period of many years after which Ukrainian serfs escaped to try to start a new life. They became known as the Cossacks, which comes from the Turkish word "kazakh", which means outlaw. They came back and regained control of the country, fully aware that it would be only a matter of time before they would be invaded again. So they made an arrangement with the Russian tsar at the time. Part of the deal was that the Russians would provide protection for them. They then came under the control of the Russians for a long period, until about 1917 when the tsar was overthrown and the Bolsheviks took over. Once again the Ukrainians tried to form their own government. Early in 1918 Rada decreed the Ukraine's full independence but the Bolsheviks took over again and that was the end of the Ukrainians' short hard-won freedom.

The Australian Government has a duty to do the right thing by people who have suffered as much as the Ukrainians. Massacres continued unabated through the 1930s, with the purge of the political and cultural leaders on a scale never seen before. The remaining population was subjugated virtually to slavery under the centralist policies of forced agricultural collectivisation. As the Premier said earlier this afternoon, the Union

Page 5554

of Soviet Socialist Republics has crumbled; communism has crumbled. People from the Ukraine, in common with all people from Eastern Bloc countries, were subjected to a reign of terror for a long time. They whispered in the streets in fear of the secret police overhearing. The secret police invaded every aspect of their lives and that ultimately reduced them to what they were described as in an article that I read recently, namely, shellshocked mendicants. They have been exploited for far too long. For the first time in the past thousand years, the proud Ukrainian people have had a chance of freedom and self-determination. They voted in a referendum only yesterday, as the Premier said, which showed that more than 90 per cent were in favour of a free and democratic Ukraine. I urge the Federal Government to act decisively and recognise the rights of the Ukrainian and of the Slovenian and Croatian people to peaceful self-determination. I urge the Government to act now in the interests of all freedom loving people and the interests of humanity.

Mr FACE (Charlestown) [3.31]: I wish to be associated with this matter of public importance. Certainly in the last 15-odd years I have had a very close connection with the Ukrainian community, as alluded to by the Leader of the Opposition. I realise that the Premier has had a close association with that community. In fact, one of his first public duties after coming to office was to attend the bicentenary conference at Macquarie University, which was of national importance. I also had the pleasure of attending it. One could not help but be moved by the facts that a nation in exile - as it has been for all those years - has continued to relate to its homeland. Being religious, Ukrainians have prayed for what has occurred in the last few months. The contribution of these people to this country has been significant, as it has been everywhere else, due to their overriding desire for the Ukraine to be recognised as a nation and not as part of the Soviet Union. Probably the most significant contribution that I have seen Ukrainians make in the world is in Canada. They went en masse to the states of Alberta and Saskatchewan. I could not help but be moved when I saw a village outside Edmonton, where a lot of Ukrainians live. At this village of Vegraville they have farmed as they did in their own country, with close parallels in climate. This village had been re-created so that

young people could go there and be part of their heritage - and what a great heritage it has been.

The famine that was afflicted upon them is a matter of history and is probably one of the great tragedies in the history of what is known as the world today. It is a rich nation, not only in culture but in resources. It can stand on its own feet. I pay tribute to the people who gather at the centre at Lidcombe for the music and dance that is part of their culture. These activities have spread throughout the State. I have been part and parcel of these activities over recent years as my younger children have been instructed in them. In 1982 I visited L'vov and Stryj. It was probably one of the most frustrating experiences in my life. The treatment I received was not all that good while I was travelling from Hungary to the Ukraine through Chop with my wife and a 14-month-old baby. The contents of the train were turned over by people looking for guns and the like. My wife was dragged off the train, and I did not have a passport. I laugh about this now, but it was no laughing matter at the time. My wife made this pilgrimage to see her grandmother. We travelled across the world to get to the little town of Stryj with my baby child so that my wife could visit her grandmother, a grandmother that she was never to see. The baby was allowed to go to see her grandmother with her cousin. We got on the train and came home.

My father-in-law has been spared. He was in that country when this all happened and was finally able to get into his village to see his brothers and his sisters. He was the only one to come out of the country, and this was because he was a refugee

Page 5555

in Germany, as is well known to the Premier. I am happy that this motion has been moved and that I have had an opportunity to say a few things. My wife's uncles, as they put us on the train, said, "They can try to take the Ukrainian out of the Ukraine, but you can be assured that they will never take the Ukraine out of the Ukrainian people". That is what has happened. I have also been to Slovenia and Croatia. Their path will not be easy because the problems are a lot more deep-seated. My brother-in-law is Croatian, and I can understand the trauma that family is going through at the moment. It is a historic moment. Time does not permit me to say more, but I feel that I have paid tribute to us being able at least to reach this stage.

Mr SPEAKER: Order! The honourable member's time for speaking has expired.

Mr HARTCHER (Gosford) [3.36]: I rise to support this motion moved by the Premier and supported by honourable members from both sides of the House. It is a significant day in our lives when we can see the destruction of communism, the most evil system that has prevailed in the twentieth century, notwithstanding Nazism. We can see three legacies of the First World War: communism; the Soviet empire; and something that has not been always been recognised - the Yugoslavian empire. "Empire" means just that: one people subjugating other peoples to their will. All of these legacies are gradually unravelling. This process is caused by the infusion of the democratic spirit into the hearts of these peoples as they leap forward into the twentieth century. The Premier's motion deals first with the Ukraine, a country which has a long and proud history. It was the birth place of the Orthodox faith in Russia; it was to Kiev and the princes of Kiev that the Byzantine emperors sent their first missionaries in the tenth century; and it was the ruler of Kiev, St Vladimir, who was converted to Orthodox Christianity in 988. It was from the Ukraine that Orthodox Christianity spread throughout the Slavonic peoples to the west and the east.

In the ninth century Ukraine was an independent country. It retained a long history of independence until it was subjugated first by the Lithuanians and finally by the tsars from Muscovy in 1654. The Ukraine and the Ukrainian people have always clung to their history, language, culture and religion. In no sense have they ever been part of any other nation. They remained under the tsars until 1918. They had a short lived period of independence until 1922, when they were conquered by the communists and Lenin. In 1941 they welcomed the invading Germans as they believed that they would bring independence. While this hope was soon to

be cruelly disappointed by German and Nazi tyranny, they continued to fight after the Red Army had expelled the Germans in a guerilla war campaign until they were finally overcome in 1949. No people in the Soviet empire suffered more terribly from communism and Stalin than did the Ukrainian people. They were the main victims of the collectivisation campaign in 1932-33, which was unleashed by Stalin in his attempt to destroy the kulak class. They were starved - not in thousands, not in hundreds of thousands, but literally in millions. While the world acknowledges the terrible wrong that the Nazis did to the Jewish people, it has tended to ignore the terrible wrong that has been done historically in this century to the Ukrainian people.

Now they have their chance of independence and self-determination, their chance of freedom. It is the responsibility of all freedom loving peoples throughout the world to support them in this and to ensure that as far as possible we help to bring about worldwide recognition of their right to independence and worldwide recognition of their right to freedom. Their culture, their history, are superb. They have a great architecture; they have made a great contribution to literature and to music and to art.

Page 5556

Every person throughout the world who believes in freedom and who believes in fundamental civilised values and decency acknowledges the time has now come for those 52 million people living in the Ukraine to have the independence and freedom that they so richly deserve. Similarly with the peoples of Croatia and Slovenia. They too have a long and proud history. They were only ever part of the Austro-Hungarian empire and they were handed over to the Serbians essentially in 1918 as part of the deal done by the Allies to ensure Serbian support in the war. Croatia was acknowledged as an independent country as far back as 1270. Two million people live in Slovenia; three and a half million live in Croatia. They have their own language, they have their own culture, they have their own religion and they have a long tradition of fighting for their independence against the Turks, against the Austrians and, unfortunately, in the last few months against the communist dominated revanchists in Serbia. Unfortunately some Croatians were involved with the Nazis in World War II but like the Ukrainians it was in an attempt to assert their independence and not out of any desire to be involved in Nazism. Now too their time has come. Freedom is at the door and every person in this House should support this motion to ensure recognition of their democratic rights.

Mr NAGLE Auburn [3.41]: It gives me great pleasure to support this motion. The history of Eastern Europe from the turn of the century until now has been quite sad. Having heard from my room the contributions of all honourable members, including the honourable member for Gosford, I concur with what they have had to say. It gives me great joy that these people, who have struggled for so long and so determinedly to gain their freedom, now finally have their freedom and their own democratic system of government. They are becoming part of the world of free nations for the greater glory of not only their own people but the planet that we live on as brothers. I have a large Ukrainian community in my electorate. Some of them are in the gallery today to hear what has to be said. All in this Parliament, without one dissenting voice, would be pleased that after a long and difficult battle these people, like the Irish who have struggled to be free of the English, at long last have their freedom. We welcome them to the democratic institutions that we know and hope that in the future they will join and be an integral part of the free world.

Mr GREINER (Ku-ring-gai), Premier, Treasurer and Minister for Ethnic Affairs [3.43], in reply: I do not propose to respond at length. I would simply like to thank the Leader of the Opposition, the honourable members for Charlestown and Auburn, my assistant Minister and the Government Whip for participating in the debate and commend them for the generous and I think very compassionate way in which they did so. I would also like to thank Mr Knyscz, the representative of the Government in exile of the Ukrainian National Republic - which, I hope, soon will not need to exist - and other friends in the Ukrainian community for coming in to listen to this debate. The House does not have delusions; members do not pretend that this expression of our views will dramatically change what happens in the Ukraine, but it is important that on matters of basic human values the House take a stand. That is what the

motion was intended to do. I thank all honourable members for their participation in the debate and support of the motion, which I obviously commend to the House.

Motion agreed to.

GOVERNMENT TELECOMMUNICATIONS BILL

In Committee

Consideration resumed from an earlier hour.

Page 5557

Clause 18

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [3.44]: I move:

Page 8, clause 18. After clause 18(3) insert:

- (4) However, subsections (2) and (3) do not apply to any designated land referred to in section 17 (3).

This new subsection means that the normal conveyancing procedures apply once the existence of the designated land has been noted on a particular title.

Mr E. T. PAGE (Coogee) [3.44]: I foreshadowed an amendment designed to achieve the same result, that is, to omit subsections 8 (2) and (3). Though the Minister has sought to qualify the matter, I would just like her to explain how this amendment fits in with the amendment, which has been accepted, to insert clause 17 (3), which sets out three circumstances, 1(a) (b) and (c) in which subclause (1) does not apply. Is there any way that the Government can see to protect those -

The CHAIRMAN: Order! I understand the honourable member for Coogee proposes to move an amendment in respect of subclauses (2) and (3) of this clause. If I am correct in that assumption, he ought move that amendment before the Chief Secretary moves her amendment to insert a new subclause (3). I might ask the member for Coogee to move his amendment to clause 18 first.

Mr E. T. PAGE (Coogee) [3.45]: Personally I think it makes more sense to consider the Minister's amendment first, because if I accept her amendment mine will not proceed.

The CHAIRMAN: Order! The amendments have to be dealt with sequentially. The way they are proposed the amendment of the member for Coogee comes before the Minister's amendment, so it must be dealt with in that order. The member for Coogee may withdraw his amendment if he wants to and defer to the Minister.

Mr E. T. PAGE (Coogee) [3.46]: I move:

Page 8, clause 18. Omit clause 18(2) and (3).

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [3.46]: The Government does not accept that amendment. I would like to move that on page 8, clause 18, after clauses 18 (3) -

The CHAIRMAN: Order! One amendment must be dealt with at a time.

Mr E. T. PAGE (Coogee) [3.47]: I would like the Minister to explain, if the amendment moved by the Opposition is not acceptable, precisely why it is not acceptable so that I can

make up my mind whether to support the Minister's amendment. There is some confusion even though obviously there is commonality of purpose here. It is a matter of getting the right result. The Opposition has indicated its willingness to consider the point of view put forward by the Minister. If the Opposition has a satisfactory explanation as to why one amendment is preferable to another, then it will be able in the course of the debate to decide whether or not to pursue the Opposition's amendment as circulated to come to a logical conclusion in this matter.

Page 5558

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [3.48]: We have actually inserted a new subclause to deal with the proposition moved by the Opposition. New subclause (4) means that normal conveyancing procedures would apply once the existence of designated land has been noted on the title. It actually reverses the exemptions that are allowed for in clause 18 (2) and (3), for land covered by the amendment, to insert clause 17(3), that is, land that has been discovered, surveyed and noted on title. Clause 18 (2) and (3) exempts people from declaring infrastructure. So 18(4) deals with that. Otherwise, all designated land would need to be surveyed.

Mr E. T. PAGE (Coogee) [3.50]: I am still concerned about those cases not covered by the legislation. Following discussion with the Minister's advisers, I realise there are some difficulties where there is infrastructure on a property and a purchaser buys the property in good faith only to discover an encumbrance, and there is then a way open for the infrastructure to be surveyed and compensation paid. Although that is a way out, it is a bit tortuous so far as the purchaser is concerned. I use the analogy that if a person is hit by a car he might get compensation, but it does not help cure the injury. I am in two minds as to whether the Government amendment goes far enough. We seem to be in agreement that there would not be many cases existing and a move has been made to cover the majority of cases. In that situation the few cases that might remain in all probability would not cause a great deal of difficulty as time goes on. I seek leave to withdraw my amendment to omit clause 18(2) and clause 18(3).

Amendment, by leave, withdrawn.

Amendment by Mrs Cohen agreed to:

Page 8, clause 18. After clause 18(3), insert:

(4) However, subsections (2) and (3) do not apply to any designated land referred to in section 17(3).

Clause as amended agreed to.

Clause 20

Mr E. T. PAGE (Coogee) [3.53]: I move:

Page 8, clause 20. At the end of the clause, insert:

(2) The Minister is not entitled to exclude any particular person or body from any request for expressions of interest or tenders in connection with a contract or arrangement under this section.

During the second reading debate I expressed my horror at the way Telecom was excluded from tendering in the process for the setting up and management of the State Government network. I believe it was an egregious decision and all the more pathetic when one considers that the Minister for State Development and Minister for Tourism complained that Telecom may not set up its headquarters in Sydney. The Government has insulted Telecom as a competent organisation, and has castigated it because it apparently will keep its head office in Victoria and not move it to Sydney. I believe it was completely wrong financially and technically for Telecom to be excluded and for that reason I have moved this amendment. It has been put to me by the

Minister's advisers that there could be problems with this amendment. However, I believe there will be more problems if it is not accepted and that any of the difficulties foreseen by the

Page 5559

advisers could be overcome readily by administrative action. I intend to persist with the amendment. I believe neither the Minister nor the authority has any moral or financial right on behalf of the taxpayers of New South Wales to exclude a bidder who the Premier himself said would have won the contract. If the Government does not consider this to be an appropriate amendment, it should have provided an acceptable alternative to that circulated by the Minister. Any problems that might arise from the passing of my amendment will be on the heads of Government members and not on mine.

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [3.55]: The Government is not willing to accept the amendment in full. However, it is willing to accept proposed subclause (2) with the exclusion of the words "or tenders". The reason for this is that the Opposition's amendment as it stands is impractical because it would preclude the normal shortlisting process. Honourable members would be aware that shortlisting or pre-qualification of tenderers is a normal, prudent practice that ensures that both government and private sector tenderers are not subject to onerous, costly and unnecessary procedures. The cost of preparing tenders for large contracts can be substantial. For example, in the case of the government network project, tenderers for the telecommunications network management are expected to outlay more than \$1 million each in responding. Tender responses from each consortium are expected to comprise hundreds of volumes. Under the Opposition's amendment the Government would have no option but to invite all 112 parties who submitted partial or full expressions of interest in the project to tender. This would involve a considerable waste of government administrative effort, and money for the tenderers, in evaluating what is expected to be three cubic metres of material per tenderer, not to mention the waste of private sector money on preparing tender responses.

Honourable members would be aware that the pre-qualification or selective tendering process is commonplace in, for example, the building and construction industry. It is also quite common in other specialised industries. The reason is simple: many major and specialised contract requirements can be met by only a relatively small number of tenderers. It makes no sense to have myriad tenderers going to huge expense, as well as the Government being involved in costly evaluation processes, when it is clear that only a small number of those companies could undertake the tender. There is no special reason for applying any different requirements for this bill than apply across the whole public sector. I move:

That the amendment be amended by omitting the words "or tenders".

Mr E. T. PAGE (Coogee) [3.58]: I thank the Minister for acknowledging the validity of what I have raised. In the interests of co-operation I am willing to withdraw my amendment in favour of that moved by the Minister. I believe it goes some of the way to overcoming some of the objections I raised. I am glad that what appeared to be impossible to do before lunch, is now possible. All the amendments I have proposed have been accepted in principle by the Government. There is something to be said for the perspicacity of analysis from this side of the Chamber. I support the Minister's amendment to my amendment.

The CHAIRMAN: Order! In view of the honourable member's support for the Minister's amendment of his amendment, I note that to be the procedure to be adopted by the Committee rather than have him withdraw his amendment.

Amendment of amendment agreed to.

Page 5560

Amendment as amended agreed to.

Clause as amended agreed to.

Clause 38

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [4.0]: I move:

Page 14, clause 38. At the end of the clause, insert:

(2) The provisions of the Public Sector Management Act 1988 and the regulations under that Act relating to the methods for acquisition of stores, equipment, materials and services for the Public Service apply to any such acquisition for the Authority.

New clause 38(2) is administrative in nature. It requires the authority to comply with the normal public service procedures for tendering and the acquisition of other types of goods and services. This includes procedures for fair tendering. This new subclause is being inserted following a question being raised concerning the obligation of the authority to follow the provisions of the Public Sector Management Act 1988 relating to the acquisition of goods and services, particularly those relating to the issue of tenders.

Mr E. T. PAGE (Coogee) [4.1]: I thought that the Public Sector Management Act would have covered the authority. I have no objection to its specific inclusion. It merely validates the fact that we have raised matters that are deficient in the bill. I am thankful that the Minister picked them up and corrected them.

Amendment agreed to.

Clause as amended agreed to.

Clause 53

Mr E. T. PAGE (Coogee) [4.2]: I move:

Page 19, clause 53. At the end of the clause, insert:

(2) The Minister and the Authority are not entitled to exclude any particular person or body from any request for expressions of interest or tenders in connection with the contract or arrangement under this section.

For consistency, this amendment should comply with the amendment to clause 20 moved earlier by the Minister. I am quite happy to have my amendment amended by the Minister to delete the words "or tenders". This amendment includes not just the Minister but also the authority. This amendment should be agreed to so that there is consistency in the bill.

Amendment of amendment by Mrs Cohen agreed to:

That the amendment be amended by the omission of the words "or tenders".

Amendment as amended agreed to.

Clause as amended agreed to.

Bill reported from Committee with amendments and report adopted.

NATIONAL RAIL CORPORATION (AGREEMENT) BILL

Second Reading

Debate resumed from 13th November.

Mr FACE (Charlestown) [4.5]: I wish to make a short contribution to this bill. However, I will not be leading for the Opposition.

Motion by Mr E. T. Page agreed to:

That the honourable member for Charlestown, Mr Face, be not further heard.

Mr E. T. PAGE (Coogee) [4.6]: I will not be leading for the Opposition in this debate. This legislation is consistent with legislation to be passed in the Federal Parliament and in other States to establish a National Rail Corporation in Australia. The objects of the bill are: to approve the agreement to establish a National Rail Corporation; to authorise and require the parties to give effect to it; to make provisions necessary for its implementation; and to refer to the Commonwealth certain powers arising out of the agreement. This bill is procedural. It will ratify the involvement of New South Wales in the National Rail Corporation.

Mr LANGTON (Kogarah) [4.7]: I lead for the Opposition on the National Rail Corporation (Agreement) Bill. The establishment of the National Rail Corporation is probably the most important change to occur this century in Australian railways. Apart from the economic and social benefits to be gained from the integrated rail authority assuming the operations of all interstate rail freight, the National Rail Corporation will bear directly on the future of 10,000 workers involved in interstate freight and indirectly on the future of more than 40,000 workers in rail freight and long distance passenger services. For these reasons this bill is of historical proportions. Basically, because it is a mechanical bill ratifying the involvement of New South Wales in the overall agreement reached at the Special Premiers Conference in July 1991, it is supported by the Opposition. When this bill receives royal assent it will enable the process of establishing the National Rail Corporation to commence and to continue within a framework that is acceptable to the Opposition.

Though the National Rail Corporation (Agreement) Bill is only the starting point for the ongoing development of the National Rail Corporation, over the next five years it will allow for a great number of vital issues to be confronted and dealt with. These issues must be carefully monitored because, at the risk of sounding churlish, this bill, like other bills introduced by the Minister for Transport, is important, not for what it says but for what it does not say. The bill is not explicit on the issues of capital investment, overall freight tasks, industrial matters or corporate strategies. We have to get it right from the start and avoid some sort of lame-duck organisation which will not achieve the purpose for which it was set up - an organisation where the States dump their bad debts and wash their hands of the issue. Before examining those matters it is relevant to outline to the House a brief history of the process that led to the introduction of this bill. In a document that Gough Whitlam, a well-known train buff, has prepared for publication, he said:

The 1980s were a lost decade for rail in Australia. Microeconomic reform was forgotten. In their first terms the Hawke and Burke Governments discussed the transfer of the WA railways to AN but their junior ministers wavered. When the standard gauge reached Adelaide, floundering Victorian officials could not make up their minds whether a standardised line to Melbourne should

Page 5562

pass through Geelong or Ballarat. Possessive NSW officials balked at the AN proposal to transfer the railway between Broken Hill and Parkes. WA and NSW would not agree that AN should manage the Indian Pacific passenger train for the whole journey between Sydney and Perth.

In November 1989 the House of Representatives Standing Committee on Transport, Communications and Infrastructure presented a report entitled "Rail: Five systems - one solution" on the efficiency of AN's east-west operations. It contemplated integrating the WA and AN systems, standardising the railway between Adelaide and Melbourne and taking over the railway between Broken Hill and Parkes. The Industries Assistance Commission's last report for 1988-89 declared that the removal of major inefficiencies in transport could increase GDP by around \$9 billion annually. Australia's poorly co-ordinated rail systems, the Commission said, were proof that existing mechanisms to promote co-operation between Governments have met with only limited success. In another report in the same month the IAC concluded: "more fundamental changes may be required to maximise the efficiency of rail freight operations. Many alternatives could be considered . . . amalgamation of rail authorities; centralised control of many rail freight corridors; centralised control of rail infrastructure; and increased private participation in railways".

For many years Mr Whitlam has had a considerable interest in trying to achieve national rail uniformity. The notion of a nationally integrated interstate rail freight and passenger network gained real prominence through the Rail Industry Council. The council consisted of government, management and union representatives of all rail systems, and had a charter to report on strategies to revitalise Australia's rail industry. After three years of deliberations the council reported in 1990, and its recommendations were very much the product of rail unions and government co-operation. The RIC process showed that governments were finally prepared to try to solve the problems of financial neglect and fragmentation. In response to this and the perception that governments would soon respond to community demands for a more integrated transport system, transport users and freight forwarders proposed a scheme to examine the benefits of a single national rail freight enterprise for interstate freight.

A steering committee of rail system representatives, an Australian Council of Trade Unions representative and representatives from private sector organisations such as Mayne Nickless and TNT commissioned consultants Booz Allen and Hamilton and Travers Morgan to report on options for "The establishment of an efficient national rail freight enterprise(s) providing profitable and competitive interstate services". The consultants developed a series of options. On the basis of the most profitable operation the consultants recommended an option that incorporated modest capital investment, selective freight rate increases, shedding of unprofitable lines, and labour costs to reflect what was assessed to be world standard efficient costs. In addition to the capital and operating options, the consultants also presented a series of terminal options and ownership structure options for a national rail freight enterprise. The steering committee next compiled a report to governments in July 1990, suggesting that a national rail freight enterprise would be viable and outlining what it called preconditions for success. The conditions included investment and cost reductions. From the consultants' report the steering committee estimated that 3,406 jobs in connection with interstate freight would be made redundant by 1994. Many aspects of the consultants' report and the steering committee's report were challenged. Though not disagreeing with the concept of a national rail freight corporation, some groups were concerned that projected job losses were based on a traffic task that was less than individual systems had already planned for and on a labour cost structure which was supposed to mirror the so-called world best practice.

Rail unions argued that the concept of world best practice was not sustainable in reality due to the impossibility of reconciling the vastly different geographical, tonnage

Page 5563

and operational factors in rail systems throughout the world, as well as differing wage levels and safety standards. Rail unions were concerned by the preoccupation of the steering committee with contracting out mechanical and permanent way maintenance work, and the lack of any consideration of the effect of a national rail freight corporation on the remainder of existing rail systems. The unions and others argued that the emphasis in reports on securing the most profitable operation for a national rail freight corporation effectively ignored the wider economic benefits of a strategy aimed at gaining a much larger market share. This view was implicitly supported in the consultants' report, which acknowledged that options including additional investment for Melbourne-Adelaide standardisation and fast freight train operating

standards in the Sydney-Melbourne corridor had the potential to increase tonnage significantly and generate wider benefits to the rail system.

The response of governments and rail authorities to the consultants' and steering committee reports was mixed. Some governments and rail systems were concerned about the effect of a national rail freight corporation on their own rail systems. For example, Australian National argued that the best structure would include interstate freight within its own existing structure. This was rejected. Nevertheless, there remained broad support for the development of the national rail freight corporation concept. In October 1990 the Prime Minister and Premiers agreed to create a national rail freight corporation and a task force to sort out financial, equity, operational and labour conditions. Agreement was reached in July of this year at the Special Premiers Conference. This long and complex process led to the introduction of this bill, which will ratify the agreement signed in July.

The Minister in his second reading speech, perhaps in an attempt to show the involvement of New South Wales in the best possible light, glossed over many problems and made some rather euphoric, but on reflection I believe unsound, statements. For the greater good of the future of the National Rail Corporation I shall refer to some of those matters. The Opposition remains committed to the principle of a national rail freight corporation; we want it to prosper. But if that is to happen, we must get it right from the start and be willing to debate the problems openly. We must not allow the National Rail Corporation to become a dumping ground for the bad debts of various State rail authorities. I do not believe that the Minister was frank in his second reading speech. I shall detail some of the areas in which I believe he was less than frank. He referred to underinvestment in railways. Though that is essentially true with regard to the interstate network, it must be said that the 10-year investment program for the NRC of about \$1.7 billion - which I might add is 50 per cent debt financed - is only \$523 million more than the State rail authorities estimate that they would spend during the next 10 years on maintaining the interstate network. That would be an increase of only \$52.3 million a year. I was interested to hear during question time today the Minister for State Development and Minister for Tourism quote Tom Burton of the *Sydney Morning Herald*. I also will quote from a column by Tom Burton in the *Sydney Morning Herald* of 6th July under the heading "Decisions like this keep rail a sleeper". Mr Burton said, inter alia:

But as the figures from the Government's own task force reveal, this proposal would do little, possibly nothing, to reduce current journey times, the key to making rail competitive with road. The model proposed will stem the losses by shedding about 3,000 workers and by adopting a more commercial pricing policy so as to eradicate loss-making services. The result would be an actual decline in traffic volumes of about 10 per cent. While no-one can argue with rationalising loss-making services and increasing productivity, it is very much a cost-cutting game.

He continued:

Page 5564

It won't give rail the major capital expansion needed to make it a real challenge to road transport, so as to reduce the huge number of trucks on the nation's highways. Getting what the transport economists call a modal shift from trucks to rail is what the game is all about if the aim is to maximise the effectiveness of the taxpayer's transport dollar. Roughly half of the nation's annual \$5 billion road bill is chewed up by repairs to roads, and as study after study has shown, most of the road damage comes from trucks. With the national freight load set to grow by 60 to 90 per cent by the turn of the decade, there is a critical need to ensure a significant increase in the share that rail will carry.

He said also:

If the travelling time for the Sydney-Melbourne journey could be cut from the current 13 hours to 10 hours, and the railways got their acts together at the terminals, at least one study commissioned for the NSW railways says there could be a 75 per cent reduction in the 300,000 annual freight movements up and down the Hume Highway.

An alternative "benchmark" proposal was modelled that would have required extra capital expenditure of \$1 billion.

Tom Burton concluded by saying:

Australia is now set to get a unified national freight network . . . while it will stem the \$377 million annual freight rail operating losses, it will do virtually nothing to stem the greatest transport cost of all - the \$2.5 billion and growing annual road repair bill.

Though I do not necessarily agree with everything Tom Burton said, the article highlights the urgent need to make sure that the investment in and infrastructure of the rail corporation will really achieve something; that it will make sure that the transit times for freight between the major ports, in particular Sydney-Melbourne, will be competitive with road, thus creating a real chance of freight returning to rail. The road transport industry does not have anything to fear from that. That amount of road freight available has increased. I should like to see a healthy road freight industry but at the same time I should like to see the railways pick up a majority of the increase that will come in freight carriage generally.

The corporate plan working party of the national road freight industry task force estimated that a further \$1 billion would need to be spent over 10 years if the benchmark operating standards adopted for the NRC were to be achieved. Indeed, the \$2.7 billion benchmark investment program is built up around the specific track, bridge, terminal, signalling, locomotive, wagon and tunnel investments needed to achieve the following benchmark cost savings adopted by the NRC. Those were: locomotive maintenance 20 per cent; wagon maintenance 42 per cent; train examination 50 per cent; train fuel 20 per cent; signalling communications 50 per cent; terminal costs 33 per cent; track maintenance 20 per cent; and train crews 40 per cent. The Minister has neglected to state that while those cost-saving targets or benchmarks have been retained by the NRC the capital investment program to deliver those savings has been reduced from \$2.7 billion over 10 years to \$1.7 billion. How then can the NRC expect to achieve the savings?

I refer also to the Minister's second reading speech. Again for dubious effect the Minister refers to the negative net present value of \$2.2 billion for interstate rail freight. However, he does not state that this is cumulative for the 14 years, 1992-2006. That may seem like a minor point but in the absence of the time period the statement is dramatic but meaningless. In his second reading speech the Minister correctly suggests that "a massive investment program is required". As if to verify that, or perhaps searching for some substantiation of his statement, he says, "An estimated \$1.2 billion

Page 5565

is to be spent in the establishment period". An amount of \$1.2 billion will be spent. But the way the Minister has quoted the figure is misleading. Although total shareholder contributions will be \$1.2 billion, during the establishment period 60 per cent of that amount will cover ongoing operating losses - not what I call investment. The Federal Minister, Senator Collins, in his second reading speech in Federal Parliament, was a bit more frank when discussing the Commonwealth's cash equity injection of \$415 million. He spoke of the cash - which together with commercial borrowings by the NRC will lead to elimination of interstate deficits - and of this being a major achievement. That is the reality of the proposed program - the elimination of deficits and then moving towards a breaking even after five years of operation.

It is wishful thinking for the Minister to state in his second reading speech that establishment period investment "will result in significantly upgraded rail infrastructure which will have spin-off benefits for the SRA's passenger and intrastate services". A glance at page 25 of the report of the national rail freight and industry task force will show that the increase in infrastructure investment due to the NRC will amount only to \$131 million over 10 years, or \$13.1 million a year across the nation. The benchmark investment program is another story. It

would have increased infrastructure investment by \$920 million over 10 years or \$92 million a year. This infrastructure and investment program was not implemented by the Commonwealth and the States for very cogent economic reasons, and was discarded. It is bordering on deceit for the Minister to suggest that there will be significant upgrading of infrastructure in the NRC.

The Opposition agrees with the Minister in his second reading speech that the development of a corporate plan will be an extremely important initial task. One thing of concern to me and to many people who have had some involvement in the NRC is what the corporate plan will be based on. To date two significant problems arise for the corporation to overcome. First, the NRC shareholders must work out how they will achieve the benchmark standards with a 10-year investment program which is \$1 billion lower than the program designed to achieve those standards. This will be a complex task. I trust that industrial and safety standards will not lose out in the process. Second, and of importance, the only network structure options upon which a corporate plan can be developed is the Booz Allen report - the eastern rail network study. I have had an opportunity to peruse that study and I can only say that it is based on very shallow premises and is flawed for lack of detail. I refer briefly again to the document I mentioned earlier by Gough Whitlam in which he said:

The NRC is well qualified to reduce the losses on State railways; it is less qualified to restore the competitive position of rail against road. Can it, for instance, determine the distribution point in Sydney or Melbourne for overnight rail deliveries? . . . In no other country would cities with such populations, interests in common and distance apart as Sydney and Melbourne be linked by such a poor track. In Western Europe the line would have been electrified many years ago. Both Victoria and NSW have remained wedded to the 1500 volt DC system which they installed in the Melbourne and Sydney metropolitan areas in the 1920s.

He spoke further about improvements in track and services between Sydney and Melbourne being a priority for the NRC, the railway between Newcastle and Brisbane, and the line between Parkes and Broken Hill. One concern raised by the Booz Allen report is that it proposes that the line between Broken Hill and Parkes should be closed. This proposal was made in isolation. From reading the report it appeared to me that the recommendation to close the line from Parkes to Broken Hill was taken in isolation of what would happen on the main seaboard. No consideration was given to the fact that

Page 5566

the main routes of Brisbane-Sydney and Sydney-Melbourne had an overall part to play in the western line. It was as if this was looked at separately from the rest of the system, which cannot be done.

That proposal was made on the basis of grossly inflated capital costs that would be saved on the presumption that concrete sleepers would be used. In other words what Booz Allen said was that it would not be economical to keep the line from Parkes to Broken Hill because of the massive investment in concrete sleepers that would be required. All of a sudden, because of the cost of using concrete sleepers, the proposal to keep the line open was not viable. One can shoot that argument down easily by saying simply that it does not require an immediate investment for concrete sleepers along the whole route to make the line viable. Once you eliminate a capital investment such as that, the argument for closure of the line is blown out of the water. The Booz Allen report said:

Incremental profits from traffic gained solely as a result of the Broken Hill line's potential four to six hour faster transit time cannot support this line's retention - at NRFC's projected operating margins, the required incremental traffic would be more than the total volume NRFC currently projects for this corridor.

That assessment ignores the fundamental requirement of rail freight time to be improved in order to attract freight from road to rail. Simply considering the profit margin of a single line is not appropriate, given the enormous costs faced by the States and the Commonwealth for

repairing damage caused to roads by heavy vehicles. Another significant problem about the Booz Allen report is the proposal that the Goulburn to Junee section of the Sydney-Melbourne line be reduced from double track to single track. That proposal is based on assessments of average daily train movements. However, because of the typical freight schedules and the Sydney metropolitan freight curfew, overnight is the critical peak period time slot into which most train movements are crammed. Accordingly, a reduction from double track to single track between Goulburn and Junee would create train delays. In addition any expected increase in tonnage for rail between Sydney and Melbourne would saturate capacity on a Goulburn-Junee single line section of rail and generate major line reinstatement costs. For those reasons the Booz Allen report is fundamentally flawed and must not be the basis for the corporate plan.

The corporation must have a corporate plan. At this stage the Booz Allen report is the only basis on which a corporate plan could be formed, but that report is basically flawed. Therefore, if a genuine corporate plan is to be prepared that will make the National Rail Corporation work, and that plan is based on the Booz Allen report, the NRC corporate plan will not work. The Opposition accepts that the initial years of the NRC are likely to be about cautious investment, careful cost containment and selective traffic revenue increases. Nevertheless, any corporate plan must be flexible in its provisions for long-term options of network investment and development. Short-term strategies of network reductions and closures could well make the NRC a long-term graveyard. In supporting the development of the NRC the Opposition emphasises that it wants the corporation to maintain its vision during those important formative years. The NRC must balance its early emphasis on financial viability with a commitment to examine the economic, social and environmental benefits of any strategy to increase tonnage. The existing tonnage projections from the NRC are less than existing rail systems had planned in the absence of the NRC. It must be the aim of the corporation to increase those tonnage levels to provide rigorous competition with the road transport industry.

I make those comments not by way of criticism but in an attempt to encourage the new fledgling corporation to provide a reliable quality service and to give the

Page 5567

community savings in terms of the reduction in the cost of road crashes, air and noise pollution and energy costs. The Minister in his second reading speech spoke about the NRC use of State Rail Authority assets. He said that it was important for the State Rail Authority to "retain primary control, for example the metropolitan CityRail network". The Opposition agrees with that statement but wants to ask some specific questions about it. Will the Government simply hand over track to the NRC, for instance the Parkes-Broken Hill line, in the absence of any guarantee that the NRC will not shut the line down in the future? With the New South Wales Government's shareholding in the NRC and the requirement that NRC be managed in a strictly commercial manner, will there not be a requirement or pressure on New South Wales for NRC traffic to take priority over CityRail passengers on the city network? The Minister and the Government must guarantee that CityRail trains will not be delayed by any priority running for NRC trains on the CityRail network.

Another important issue on which I shall touch relates to redundancies. These were mentioned by the Minister in his second reading speech. He made great play of the fact that the 600 additional railway workers to face redundancy will be "entitled to the standard redundancy package, which in other cases has averaged out at around \$80,000 per employee". That is an impressive amount, but it is not right. Perhaps the Minister has confused redundancy with retirement; or he might be confusing it with the redundancy that is given to public servants on senior executive service packages. Redundancy is not retirement; it does not contain elements of superannuation and accrued long service leave as are found in retirement packages. Redundancy payments are meant to be bridging finance to assist workers between employment and are particularly vital for rail workers. The standard redundancy package from the State Rail Authority does not average at \$80,000. The amount is in fact \$8,000. For a person with 13 years or more of service - and even someone with 40 years of

service - the average redundancy payment is \$13,000, that is, 13 years multiplied by two weeks at \$500 a week.

Those are the worst redundancy conditions of any Australian rail system and deserve particular attention, given that, first, the majority of railway workers have industry specific and non-transferable skills, for example, train drivers, shunters, train examiners, guards, fettlers or signallers. Second, a recent Bureau of Transport and Communications Economics survey showed that long-term unemployment was the fate awaiting large numbers of redundant rail workers. The figure given in the survey report was that 67 per cent of unemployed redundant rail workers surveyed had been unemployed for more than 12 months. The Australian Council of Trade Unions and the rail unions have a log of claims in relation to a uniform national standard for retraining, redeployment and redundancy for workers affected by the NRC. That proposal was endorsed in principle at the September 1990 Australian Transport Advisory Council meeting in the context of the rail industry council recommendations by, among others, the Minister for Transport. Yet the New South Wales Government has been at the forefront in undermining such a standard for rail workers affected by the NRC. The Australian Council of Trade Unions and rail unions have proposed that existing State redundancy schemes should be topped up to a national standard by the Commonwealth NRC, but the New South Wales Government has vigorously undermined even that proposal. How can the Government make rail workers shoulder all the costs and give them none of the benefits of this national microeconomic reform initiative, when on its own admission the State Rail Authority will save \$140 million in the first five years of operation of the NRC, net of redundancy and New South Wales cash contributions, and it will save \$100 million a year thereafter?

I fear for the rail workers of this State if the track record of this Government regarding redundancy payments for State Rail workers is any indication. In his second reading speech the Minister spoke about amendments to the Transport Administration
Page 5568

Act, in particular to allow "a new major operator" on State Rail tracks. I do not necessarily have any huge philosophical objection to that principle. However, while New South Wales and the State Rail Authority continue to have a say in the NRC it can be assured of being able to co-ordinate track sharing by State Rail Authority and NRC, but having separate private operators is another matter that deserves careful attention and debate. The amendment of the Transport Administration Act could allow for more than merely the NRC to use the tracks of the State Rail Authority. I quote very briefly, without apology, an extreme case of what can happen when too many private rail operators are allowed on a track. This article refers to a Japanese rail crash:

The dangers inherent in allowing publicly and privately owned companies to share the same rail network - particularly when private sector companies operate to lower safety standards - were tragically underlined in Japan recently when forty two people were killed and over 400 injured in the country's worst train accident for almost thirty years.

It continues:

. . . it would appear that the division of responsibility for safety on the rail line where the accident happened could well lie at the root of the tragedy.

The line itself used to belong to the state-owned Japanese National Railways but was converted to private operation in 1987 and is now owned by Shigaraki Highlands Railways, a semi-private company. The tourist train was operated by West Japan Railway company, which is a division of the Japan Railway Corporation - the successor of the former state-owned JNR - while the local train belongs to the semi-private Shigaraki Highland Railways company.

In a press statement the Japan Confederation of Railway Workers Unions said that the accident was a tragic consequence of putting profit before rail safety. I am merely making the point that the amendment to the Transport Administration Act would permit more than the National Rail Corporation to use this line. An extreme case would be if too many operators were allowed on the same line. If that is going to happen, we have to debate this now so that all the safety issues are addressed. This bill is important. I have indicated that it raises a

number of very important questions. I hope that the Minister treats seriously the questions I have raised and answers them. I also have a strong desire to see the NRC grow to be an integral part of the nation's transport network. I support the bill.

Mr GLACHAN (Albury) [4.41]: I would like to make a few general remarks about the National Rail Corporation, but before I do I will comment on a few things that the honourable member for Kogarah said. First I comment on his remarks about the Japanese experience of a private operator running on government tracks and an accident occurring. I cannot see that that will be relevant at all to the National Rail Corporation, which I imagine will have a very high standard of safety. Trains will be running on tracks that will still be controlled and owned by the State Rail Authority, which has a very high standard of safety and will, I am sure, do everything it can to maintain that standard. The plan, as I understand it, is simply to lease the track to the National Rail Corporation and not to sell it to it or hand it over. That takes me to his remarks about the line between Parkes and Broken Hill. He said that the State Rail Authority might sell the line to the National Rail Corporation and that it could then close it down. That certainly will not happen because it is not going to buy it. If it does anything at all, it will only lease the tracks.

It is the honourable member's view that the redundancy packages are inadequate. I am not qualified to say whether they are, but a number of my constituents who work

Page 5569

for the SRA have come to my office and asked if there is any way that I could arrange for them to receive a redundancy package. They consider it to be a handsome package. They said it would be a great help to them if they could leave the railways and receive what they considered to be a very worthwhile package. There was also mention of how the NRC would make a profit. Two facts were overlooked. The profit will arise from far fewer people being employed. The redundancy arrangements will have a great effect on that. Very careful consideration is to be given to improving the line between Sydney and Melbourne. If that line is improved, a great deal of business could be gained. Thousands of trucks run up and down between Sydney and Melbourne every day carrying freight that could well be carried by the corporation. They are on the road because the present railway system is inadequate and inefficient. The improvements that this corporation will bring to the system will certainly attract a lot more freight than has ever been carried by rail.

What the corporate strategy of the NRC might be was also mentioned. This bill does not attempt to set that out. It merely proposes to set up the corporation, and I imagine that the people appointed to the board will decide what the corporate strategy will be. I believe that the two people from New South Wales who will be our representatives on that board will bring a great level of expertise to their position. If their standard is matched by all the other States that appoint members, then I am quite sure that the strategies worked out will be achievable and will do much to assist in the future of Australia. One of our representatives brings a lot of experience in public transport to the position. The second representative is highly regarded in that area and is an expert in finance and financial management. He will certainly be a great asset to the board. If ever there was a need for changes to the way an organisation operates, the railways is a fine example. There is no doubt that when this Government came to office the railways were seen to be inefficient, riddled with debt, with archaic work practices and with far too many employees. Someone said to me once that for every job in the railways there were two people. The only way to deal with this was to introduce the redundancy packages that are so popular with employees of the SRA.

The following proposal was agreed to at the Special Premiers Conference. Queensland, New South Wales, Victoria, Western Australia and the Commonwealth agreed that the five services presently providing for interstate freight should be brought together in the National Rail Corporation in an effort to cut out inefficiencies and to help Australian transport into the next century. There is no doubt that the growth in road transport simply came about

because of inefficiencies in our rail systems. If we do not restructure our rail systems, there will not be much hope for the future. As an example of how bad things were, we only have to look back to the proliferation of different gauges on the various rail systems. Anyone wanting to send freight from one State to another or across the country had to deal with up to five separate services. The whole thing was impossible. It certainly is time that it was reorganised. The proposal is that there will be a five-year establishment period, because that is the time it is believed it will take for the National Rail Corporation to become self-funding. It will progressively take over the functions of interstate freight over that period of time. It is proposed that \$1.2 billion will be spent initially in the first investment program. That I hope will include some improvements to the line between Sydney and Melbourne, where a great deal of profit could be made as time goes on.

It is important to realise that the money to be spent initially will not be spent on the debts that the honourable member for Kogarah said the States were going to dump onto the corporation. That will not happen. It certainly will not be spent on redundancies. The States will look after that area before the corporation takes over from

Page 5570

them. There will be an initial capital investment to make sure that things begin smoothly. In the case of New South Wales that will be about \$75 million in direct capital contribution. Other shares will be taken up by New South Wales by a transfer of some assets, such as locomotives and rolling-stock, and by the leasing of tracks, yards and other facilities. The honourable member for Kogarah talked about priorities that the State Rail Authority should maintain in its own operations. Those will be safeguarded, especially in the case of CityRail. The control of the track will still be in the hands of the SRA. CityRail operations will certainly be guaranteed to take first preference. It is estimated that finally New South Wales will have approximately 28 per cent of the shares in the corporation. That will give New South Wales its rightful representation in the corporation.

The State Rail Authority is already proposing something like 1,200 redundancies in the freight rail area and there will be an extra 600 spread over a six-year period because of the operations of the National Rail Corporation. It is estimated that after the initial period New South Wales, having paid for the redundancies, having made its capital contribution, will have saved something in the vicinity of \$140 million and there should be savings each year after of about \$100 million. These savings are well worth while, and there is no doubt that the gains for New South Wales will exceed the investment and enhance the operations of the State Rail Authority. The Industries Commission estimates that over a period of time there will be something like a \$1.2 billion gain for the nation from the formation of the National Rail Corporation.

It is hoped that the head office of the corporation will be based in Sydney, and Sydney certainly has a lot to offer. I have been told that South Australia has been keen to have the office located there, and has been exerting some political pressure. However, I am quite sure that the merits of Sydney will come to the fore. The New South Wales Government believes that the decision about where to locate this office should be left in the hands of the board, which will have enough expertise in the business world to be able to make the right decision. It is anticipated that a start should be made by 31st January next year and that freight operations will begin by 1st February 1993. I sincerely hope that the corporation is successful. I believe that all the elements required for its success will be there in its formation. I think that one of the most important things it can do is upgrade the line between Sydney and Melbourne, which is where a great deal of the future of Australia depends so far as transport needs are concerned. If ever there was a need for reform in any area of transport it is certainly in rail freight between the States. I commend the bill and congratulate the Minister for the part that he has played in bringing this to fruition.

Mr McMANUS (Bulli) [4.52]: At the outset I congratulate both the Minister and my colleagues from the Federal Government for the initiative taken in the implementation of the National Rail Corporation. As a member of the Joint Standing Committee upon Road Safety for some years, I am pleased to see this united front. We are to have a system which is part of Labor Party policy on freight in this State and this country. It will be a properly integrated land transport system. I believe that this is the start of such a system. If successful - and I hope it will be if everyone works together in each State - it will reduce the dangers on our major highways. The State Government has not addressed that problem very well. Over the last few years the Government has increased bus services and removed trains from our standard passenger and intrastate freight rail services. In fact the Government has exacerbated the situation. It is pleasing to see that the Government now realises the need for a joint effort with the other States. Of course, the Federal Labor Government is certainly going to go a long way to assist road safety

Page 5571

in this State and to ensure that New South Wales has a fair and equitable system of transport.

I would like to comment briefly on some of the remarks of the honourable member for Albury about redundancy packages. He said that a number of his constituents had come to see him about redundancy packages and that they were keen to get these packages. People in my electorate have come to see me about these packages. They have returned to see me after accepting the meagre amount of money that the Minister hands out as redundancy packages. The shadow minister for transport is quite right in his comments. People with limited expertise, who have worked all their lives in the rail system, are told that they are to receive a maximum of \$13,000 for their 13 years. These employees have given good service to the State Rail Authority, but all that the Government of the day in this State can do is to give them a meagre amount of money. Within 12 months, having paid as many bills as they possibly can with the \$13,000 - and this is well recorded - 67 per cent of these people cannot get jobs. They have no expertise in areas other than in the rail system and they ultimately are transferred to the responsibility of the Federal Government by way of social security. This is the ploy of the New South Wales Government. Let us not kid ourselves for a moment that the Minister is concerned about a proper rail system. In his second reading speech the Minister said:

There are 600 State Rail Authority employees to be made redundant by establishing the corporation, these are over and above the reduction of 1,200 from rail positions at the State Rail Authority's own plants.

There is an underlying factor within this bureaucracy; the State Rail Authority; and the Minister himself. They have no alternative jobs in this State for these people, so these people become a liability on the other employees within the State. In other words, it is a transfer; it is a cost saving to this State to put them on the dole queues and thereby make them a liability of the State by way of social security. Let no one be fooled in regard to what the Minister is about. He has accepted the Federal Government's conclusion that he has a failing transport system, one which he cannot control and one which continues to give headaches. Here again - as with other organisations that this Government has sold off - he has found a way of flogging off a system that is giving him a lot of trouble. That is basically what is behind this Minister's move to join with the other States in establishing this system. I am aware of the underlying tactics behind the Minister's moves in this regard.

Mr Baird. Do you think we should keep them all on? Is that what you are saying?

Mr McMANUS: I think we have a responsibility to the people of New South Wales, the people who put you into office, to ensure that jobs are there. People on the dole queues cannot buy things in the shops; they cannot turn over money; they cannot turn over wages. All that they are is a liability on other taxpayers. And the Minister's answer is to sack them all, which is basically what redundancy is.

Mr Baird: They go voluntarily.

Mr McMANUS: It is not a voluntary system of redundancy, and you know full well that it is a form of blackmail that goes on within all your government departments, SRA included. Vague letters are sent out with innuendos and threats by management. These employees accept redundancy out of fear. They are afraid. They would prefer to
Page 5572

take redundancy because the threat of sacking at a later date is over their heads. The threat of sacking is always over their heads. The Water Board obviously does the same thing. I ask that the Minister give serious consideration to the fact that we need jobs in this State. We cannot continue to put people off at the rate that the SRA and other government departments are putting them off. I am giving a clear indication to the Minister of what he should be doing if we are going to have an upgraded rail system.

Mr Glachan: Back in the old socialist days; that is all gone.

Mr McMANUS: I am far from a socialist. I am probably the most conservative member in the place on this side of the House, but I realise that your children and my children are going to need jobs. They cannot continue to be on social security.

[*Interruption*]

Madam DEPUTY-SPEAKER: Order! Members will cease interjecting across the table. The member for Bulli will address his remarks to the bill.

Mr McMANUS: The other item to which I would like to refer briefly is that mentioned in the Minister's second reading speech on 13th November in which he indicated that a massive investment program is required and an estimated \$1.2 billion is to be spent in the establishment period. The Minister said that this will result in a significantly upgraded rail infrastructure which will have spin-off benefits for SRA passengers and interstate services. That causes me concern because effectively the Minister is saying the \$1.2 billion will solve some of the problems of the State. Only this week the Minister stated that a high percentage of passenger trains run to time, yet the next day trains on the Illawarra line were 20 minutes late into Sydney and the following day they were up to an hour late. The system needs money injected into it to provide a new rail link between here and Melbourne, or wherever, but we also need special funding for the State to ensure adequate timetables, proper signalling systems, and proper breakdown facilities. I believe that what is planned is for the \$1.2 billion to be used in restructuring the line between Sydney and Melbourne, or beyond, but that we will still be faced with a local situation that must be addressed. I do not believe that this bill -

Mr Baird: We are not discussing that.

Mr McMANUS: The Minister mentioned this in his second reading speech. He said the money to be spent will have spin-off benefits for SRA passengers and for interstate services. I interpret that to mean that this money will also clean up the mess created in Sydney.

Mr Glachan: The honourable member is misinterpreting it.

Mr McMANUS: It is up to the Minister -

Mr Baird: On a point of order. Without wishing to be churlish and acknowledging that the honourable member for Bulli supports the bill, I would be happy to debate at some other time the question of investment in the infrastructure of CityRail. We are debating the National Rail Corporation, an interstate operation, and passenger services operating on interstate networks between Sydney and Melbourne or between Sydney and Broken Hill. I ask that the honourable member be directed to confine his

remarks to the National Rail Corporation and the money that is being spent on that. If he wishes to speak about passenger services to run on the same lines, that is fine, but if the debate is broadened we will never go home.

Madam DEPUTY-SPEAKER: Order! I was concerned that the honourable member for Bulli was drawing a long bow.

Mr McManus: On the point of order. I have just referred to two reports in *Hansard* from the Minister's second reading speech in which he clearly defined a spin-off in benefits for SRA passengers and for interstate services. There was no clarification in the Minister's second reading speech that this was anything other than a major railway line that clearly must be defined as SRA passenger services in general.

Mr Glachan: Could I perhaps explain to the honourable member what it means?

Mr McManus: I do not need an explanation.

[*Interruption*]

Madam DEPUTY-SPEAKER: Order! I need no help from the honourable member for Bulli, who will resume his seat. Is the honourable member for Albury speaking to the point of order?

Mr Glachan: No.

Madam DEPUTY-SPEAKER: Order! I rule the reference just made by the honourable member for Bulli to be in order because he was in my opinion responding to the Minister's second reading speech. However, Ministers and members often refer to issues not directly related to a bill. That does not permit debate on subsidiary matters. The honourable member for Bulli has had some latitude in the debate and I ask him to discuss the bill before the House which deals with the National Rail Corporation.

Mr McMANUS: I conclude by mentioning that my colleague from Bathurst will refer to some of his concerns about services in Parkes. I leave the Minister with the thought that if we are to accept this procedure, which I believe will be good for the State, he must give serious consideration to one issue of major economic need in my electorate, that is, that the timing is right to implement a rail line to transport freight to my electorate, and I refer to the Maldon to Dombarton line. The construction of that line would make Port Kembla more effective -

Mr Baird: You provide the money and we will build it.

Mr McMANUS: The State Government has already been told by the Federal Government that assistance will be provided. I hope the State Government has already entered into an agreement on this issue. This is a necessary extension of the service to make Port Kembla and the Illawarra much more financially viable.

Mr PETCH (Gladesville) [5.5]: If anything was doomed to failure from the outset, it was the rail system of mainland Australia. The five mainland States had five different gauges of rail with no vision for the future. The prospect was that all interstate and intercity freight would be conveyed by steamer. Now we have a uniform system throughout those States. The rail system on the east coast of Australia was inefficient. The honourable member for Albury would be well aware of the problems of transporting

freight from New South Wales to Victoria. All freight had to be off-loaded and reloaded from one rail system to another in Albury. Standardisation of the rail gauge on the east coast has

provided great advantages. This proposal for a National Rail Corporation is probably one of the most exciting prospects to come before this House, other than the Industrial Relations Bill which was passed recently. This legislation will relieve this State of some of the losses that have been incurred. For example, in 1989-90 this State lost \$170 million from a total of \$400 million lost nationally on interstate rail freight operations.

This corporation will be funded by the Federal Government in an amount of \$295.8 million. In addition New South Wales will provide \$75.6 million; Victoria, \$35.1 million; and Western Australia, \$8 million. On that basis the Commonwealth will retain 54.3 per cent equity in the corporation with New South Wales having 27.7 per cent, Victoria 13.1 per cent, and Western Australia 4.9 per cent. Under previous Labor governments nothing was done to address this issue on a national basis. It is evident from the pleas here today about the retirement of SRA employees that employment within that organisation took precedence over the efficient running of the organisation. Before the coalition parties came to office we were led to believe that the SRA was losing \$1 million a day. Our worst fears were confirmed when we attained office because the figure was shown to be \$3 million a day. It is a credit to the Minister for Transport - a can-do Minister, an outstanding Minister - that he has appointed people such as Mr Ross Sayers to clean up the operations of State Rail. The appointment of Mr Sayers has gone a long way towards doing that. Old rolling-stock has been replaced. New trains have been provided - not just facades or plastic cones on old trains, and hollow election promises. The introduction of new trains into the system was a major undertaking and has been of great benefit to the people of New South Wales.

We have experienced this economic reform as a result of the Minister's wisdom in appointing Mr Max Moore-Wilton, who is in the gallery today. He is Director-General of the Department of Transport and also a director representing New South Wales on the corporation. He is highly experienced in the transport industry and his contribution to the National Rail Corporation will be invaluable. He will be supported by another economic man, Mr Peter Young, managing director of Burdett, Buckeridge and Young Limited, stockbrokers and investment bankers. New South Wales is more than adequately represented on this board. It is interesting to observe that New South Wales funding will cost taxpayers in this State nothing in real terms. If the National Rail Corporation is wound up at the end of the establishment period New South Wales will be \$170 million better off. In other words, losses in the establishment period will be substantially more in dollar terms than our contribution to the establishment of the National Rail Corporation. Another advantage which has been clearly outlined by my colleague the honourable member for Albury is the improvements to the rail system. There is no doubt that the Minister is concerned about the quality of lines, signalling equipment and all the other things that go with the management of a railway line. The improvements to the line between Sydney and Melbourne will benefit not only the freight operations of the National Rail Corporation but also those passengers who travel between Sydney and Melbourne. It will certainly benefit the performance of the XPT service along that stretch.

The interesting aspect of the whole program is that New South Wales will retain ownership of the railway line throughout the State. The railway line will not be handed over to the National Rail Corporation; it will be leased back from the State. The State's contribution will not always be of a monetary kind. The State owns a lot of locomotives

Page 5575

which have been especially designed for long distance haulage. They will be handed over to the National Rail Corporation and credited to that corporation as the State's contribution. This bill has been well calculated. It is part and parcel of this Government's program of rationalising rail operations in this State and bringing them to the level of efficiency expected by the people of this State so that they can be appreciated and enjoyed. More important, the railways will

compete favourably with road transport. We should do all we can to remove a lot of vehicles from the overburdened Hume Highway which costs the people of this State a great deal to maintain. The railways will go a long way towards doing that. Every aspect of this bill has been properly considered over a long period. It is a credit to the Minister for Transport, who is in the Chamber, that he has had the initiative to become involved in such an exciting piece of legislation. As I said earlier, this piece of legislation is the second most exciting piece of legislation to bring about the economic recovery of this State. New South Wales will become a leader in financial management. I congratulate the Minister and all those concerned - Mr Max Moore-Wilton and those who have made a massive contribution to this exciting bill. I support the bill.

Mr CLOUGH (Bathurst) [5.15]: I did not have to listen too long to the honourable member for Gladesville to realise that he knows nothing about rail services or about the impact this measure will have on people in New South Wales. It might come as something of a shock to the honourable member for Gladesville and the honourable member for Albury to know that New South Wales not only operates railway services in the corridor between Sydney and Melbourne; it also operates services through the western sector. Only one National Party member from the North Coast is present in the Chamber. Not one National Party member from the west is in the Chamber to express his or her concern about what will happen to western rail. The Minister for Transport commenced his second reading speech by saying, "It is with great pleasure that I bring this bill before the House". I can understand the Minister's pleasure. He was pleased because he is now able to pass over those unprofitable sections of the New South Wales rail service to the Federal Government. I cannot say that I have his confidence in the Federal Government. It will not be able to run a railway network as restricted as this one. The Minister is asking the Federal Government to take on board only those parts of the New South Wales freight system that this Government does not want.

The Federal Minister for Land Transport, Bob Brown, spent some time in this House. Frankly, I am disappointed in his piecemeal approach to this whole matter. The Federal Government has decided to pick up only those services that operate between capital cities. By the time the National Rail Corporation is fully implemented rail services in western New South Wales will be wiped out. The future of rail transport in the central west of New South Wales is bleak indeed. That brings me to the question of rail transport in New South Wales under the National Rail Corporation. I have noted some of the Minister's comments in regard to redundancies. I have heard it said time and again by the regional manager of the State Rail Authority in western New South Wales, by Ms Powell, the chief of CountryLink, and by other people that no one in the State Rail Authority has been sacked. That is garbage! I read what the Minister had to say in his second reading speech about the average redundancy package. I do not know who advises the Minister or where he gets his figures from, but he has made a statement with regard to redundancies that will not stand up under any form of examination. The Minister said that the average person who has been made redundant by the State Rail Authority will receive a package of \$80,000.

Mr Baird: That is true.

Page 5576

Mr CLOUGH: That is rot! The Minister is as aware of the package as I am. The package offers a maximum of 26 weeks' pay. It does not matter whether a person has had 13 or 40 years' service in the State Rail Authority; that is the absolute maximum that he or she can receive.

Mr Baird: Plus their super.

Mr CLOUGH: Their superannuation is their contribution.

Mr Baird: They go out with an average of \$80,000.

Mr CLOUGH: They do not go out with an average of \$80,000; they go out with an average of between \$13,000 and \$20,000. I have seen that happen in my area. When the Australian Labor Party left government in 1988 one locomotive depot employed 55 staff but today not one engineman is there. One railway workshop had 200 employees but today that figure is down to 55. Only this afternoon I learned that the manager of the railway workshop at Bathurst has indicated that she will own it in three years' time. What sort of a deal is the Minister doing to get rid of rail services and rail workshops in the western district?

Mr Baird: She will own what?

Mr CLOUGH: She will own the workshop.

Madam DEPUTY-SPEAKER: Order! I remind the honourable member for Bathurst of an earlier ruling. Though it is permissible to make some brief remarks about State Rail, this is not a debate about State Rail and its operations; it is a debate about the National Rail Corporation. I ask the honourable member for Bathurst to observe that ruling.

Mr CLOUGH: All these things are relevant. The success of the National Rail Corporation depends upon the good will of this Government. This Government has never exhibited any good will towards rail services in New South Wales. The report recommends that the line between Broken Hill and Parkes be phased out. The result would be that there would be no rail service between Sydney and Broken Hill, because top priority would be given to the standardisation of the line between Melbourne and Adelaide. The few rail workers who have jobs in the West will be retrenched, and cities like Bathurst, Orange, Parkes and Dubbo will lose significant revenue from rail workers, all because of a report by American consultants employed by this Government. Why does the Government employ American consultants? It does so because they are the mouthpieces for the companies that build the trucks, buses and so on that have replaced rail services in New South Wales. I should like to know what deals the Government has done to make it do that. The Government is bending over backwards to help these companies, and big trucks are travelling through my electorate every day. That indicates that rail services are not increasing. I live on a highway and I see the traffic. The standardisation of the railway line between Melbourne and Adelaide would spell complete and utter doom for Western New South Wales rail services. Why has the Government not got the guts to say to the people in the west that it is planning to get rid of them? Why does it not do that?

Mr Baird: Because it is not true.

Page 5577

Mr CLOUGH: It is true. A few days ago the Assistant Minister for Transport was in western New South Wales and he said that.

Mr Baird: On a point of order. The honourable member is debating a philosophical point that is totally irrelevant. The New South Wales Government has rejected all these options. The honourable member for Bathurst should be directed to debate the bill, not his fantasies of what may or may not occur.

Mr McManus: On the point of order. The Minister continues to obstruct members of the Opposition who seek to respond to statements in the Minister's second reading speech. As the honourable member for Bathurst was referring to the Minister's general comment about the State Rail Authority, I submit that the honourable member is entitled to speak about his electorate.

Mr Clough: On the point of order. The operations and the attitude of the State Rail Authority have a direct bearing on what might happen with a national rail freight corporation. As my colleague the honourable member for Bulli said, the Minister made comments in his second reading speech that indicate that the State Rail Authority will not only be the beneficiary of this proposal but also is actively supporting the Federal Government's efforts to relieve the State Rail Authority of some of its responsibilities.

Madam DEPUTY-SPEAKER: Order! In speaking to a point of order it is not appropriate to debate the truth of a matter. If the Minister referred briefly to a particular matter in his second reading speech, the honourable member for Bathurst is entitled to refer equally briefly to that matter. However, the honourable member must confine his remarks to the subject-matter of the bill.

Mr CLOUGH: The introduction of a national rail freight corporation would spell doom for railway workers in my electorate. There is no doubt about that. In referring to the Booz Allen and Hamilton report and recommendations I ask whether, even at this late stage, the Minister and the Federal Government will consider the large railway community in the central west of New South Wales that depends for its livelihood upon the continued carriage of rail freight. With regard to the National Rail Corporation, why has the State Government not said to the Federal Government that instead of dealing only with interstate freight the Federal Government should take over rail freight services in all States and provide an integrated service using one set of rolling-stock and so on? The State Rail Authority is very pleased to rid itself of its uneconomical services, but wants to maintain services such as the cartage of coal from Lithgow. It is happy for the Federal Government to relieve it of some of its other responsibilities.

The Booz Allen and Hamilton report recommends the reversion to a single line between Goulburn and Junee. What sort of an arrangement would that be? Freight trains would have to wait for hours in line as they do on the Trans-Australian railway line on a number of bypasses to accommodate trains given greater priority. The Australian National railway line across the Nullarbor Plain must be duplicated. The duplicated line between Goulburn and Junee must be retained. The Minister has said that the redundancy packages to be offered to State Rail Authority employees are generous. As my colleague the honourable member for Kogarah said, the majority of railway workers have an industry specific, non-transferable skill. No one gives a damn about them. It is conceded that in the first instance 600 workers would be retrenched, and then an additional 1,200. The standard redundancy package for State Rail Authority employees is said to be about \$8,000. I do not believe it is as low as that. I think it is probably in

Page 5578

the vicinity of \$15,000 to \$20,000. No thought has been given to what will happen to the workers who will lose their jobs, and in that respect I am equally critical of the Federal Minister, the Hon. Bob Brown, and our Minister. A number of learned proposals have been suggested to resolve the problems that affect our transport industry, but in my electorate a major trunk road

between Lithgow and Bathurst has been patched in approximately 100 locations because of the traffic that the Government has forced onto it.

Mr Baird: That is rubbish, and you know it.

Mr CLOUGH: I travel that road every day.

Mr Baird: Why do you not travel by rail?

Mr CLOUGH: There is no rail. That is a great question. There is no rail service between Bathurst and Lithgow. You should get out there and have a look. There has never been a rail service between Bathurst and Lithgow. You blokes who live in a cocoon in Sydney have no idea of what is happening in the country areas of New South Wales. Only one National Party member is present, and he is from the North Coast. Not one member of the National Party is present to protect the interests of the people in Western New South Wales. The National Rail Corporation will improve matters a little with regard to the carriage of passenger freight between Brisbane and Perth. However, ultimately it will mean the end of passenger services to the west, through Broken Hill and Parkes. There is no doubt about that. As soon as the standardised gauge between Melbourne and Adelaide is completed, the Indian Pacific service will cease to travel through Broken Hill. The result will be that no rail services will be provided to the electorates of Bathurst, Orange, Dubbo, Lachlan and further west. Who will pay for that? The people who live in that area will have to pay, as they will then have to travel by bus. If the intention were to take over all freight operations in all the States, it would probably be worthy of support. As it is, it is just a cheap attempt by the New South Wales Government to avoid its responsibility and a pathetic attempt by the Federal Government to achieve some uniformity of rail transport in Australia.

Debate adjourned on motion by Mr Hartcher.

PRIVATE MEMBERS' STATEMENTS

ALBION PARK BUS PROPRIETOR Mr J. B. BROWNLEE

Mr HARRISON (Kiama) [5.30]: I bring to the attention of the Minister for Transport the dilemma faced by one of my constituents, Mr J. B. Brownlee of Albion Park, a local bus proprietor. Mr Brownlee and his family have operated a school bus service for 36 years in the Albion Park Rail area, first commencing that service in 1955. They have provided an excellent service for local schools, sporting groups, pensioners, churches and the fire brigade. That service has been extended westward throughout the Shellharbour municipality. Recently Mr Brownlee received a letter from the regional office of the Department of Transport which I thought placed heavy and unreasonable demands on him. It was suggested that as the service operated by Mr Brownlee offered only minimum service levels, which conflicted with the policy of the Department of Transport, he should contact another local bus operator to enter into negotiations as soon as possible, presumably to come to some takeover arrangement. The letter from the

Page 5579

Department of Transport went on to state, "We would appreciate receiving a response within the next two weeks". It is totally unreasonable that a business that has been operating for 36 years should be required to enter into an arrangement with another organisation within a two-week period. The Brownlee family had provided a worthwhile and much appreciated service to the people of the Albion Park area. During 1990 they acquired a new bus, for which they have financial responsibilities. It is not a wealthy organisation but a small local family business.

This Government leads one to believe that it has a penchant for small business and people battling to make their way in these hard economic times. It has always been envisaged that this business would remain with the Brownlee family. Their son is learning the panelbeating and motor mechanic trade and the father had hoped to pass the business to his son. The attitude of the department has been heavy handed in advising this family to negotiate with another business, which incidentally also is a family concern, and of which I have no criticism because it is reputable. As things now stand the Brownlee family do not have anywhere to go. They have been given what appears to be an ultimatum to come to some arrangement. I do not know how one can negotiate a reasonable price under those conditions. The Minister has responded to my request at short notice and I do not believe that he would countenance this action. Even though I am not always supportive of the Government, I would be surprised if it were willing to come down so heavily as to force a small business to sell, when it has operated successfully and is very much appreciated within the local community. The Brownlees are a fine family and I can assure honourable members that my telephone has been running hot with support for them.

Madam DEPUTY-SPEAKER: Order! The honourable member has exhausted his time for speaking.

Mr BAIRD (Northcott), Minister for Transport [5.35]: I thank the honourable member for Kiama for his contribution and also for raising the issue with me earlier in the day. I have now had a chance to look at this issue. It is important to recognise that this is not meant to be a denigration of the Brownlees in any sense. They are not being forced by the department to close their business. As honourable members are probably aware the Passenger Transport Act places bus contracts in a contestable monopoly-type situation so that before a contract is signed the parties must agree to certain provisions offering after-hours services in new areas and a certain minimum level of service - and at weekends and nights instead of merely during the peak periods. That is working very well. As to this particular case the issue of contracts for regular bus services under the Passenger Transport Act requires that the boundaries for each contract region be determined so that in the public interest a minimum service level can be set. A contracted area that is too small will not generate sufficient revenue to ensure that worthwhile increases in the level of service can be established. Once an appropriate boundary for a contracted area has been determined, if that affects more than one operator, a period of negotiation commences prior to the signing of any contract for the proposed services. This period of consultation and negotiation ensures that a suitable arrangement can be agreed between the operators and the Department of Transport for the provision of the required levels of the service. This company has an area which is apparently lightly populated and the operators have been asked, in order to achieve certain minimum standards, once they have established the boundaries, to get together with the other operator - I think it is Ruttys bus service - to come to an agreement as to the level of service required.

Mr Harrison: But are they not being forced to sell out?

Page 5580

Mr BAIRD: No, not at all. They are not being forced to close their business. All they are being asked to do is to negotiate with this company in regard to one particular territory that has been designated as their boundary, so that they can share in servicing this lightly populated area. It is hoped that they can reach an agreement to provide the service in conjunction with each other, as a joint operation of separate companies, by amalgamating their routes or by coming to an arrangement whereby one operator agrees to sell his business to the other operator on mutually satisfactory terms on that particular route. It is standard practice for all bus operators to be given the opportunity to consider, discuss and negotiate the terms of their contract, as proposed by the Department of Transport, over a period of up to six months. The Department of Transport is not attempting to force them to sell their route at all. All it is attempting to do is to set the guidelines for minimum service levels to operate in the electorate

area of the honourable member for Kiama. This is really in the interest of the honourable member's constituents. Obviously we wish to encourage small operators but we are also about providing a decent service for the area.

Mr ACTING-SPEAKER (Mr Tink): Order! The Minister has exhausted his time for speaking.

GOSFORD PUBLIC SCHOOL ENROLMENTS

Mr HARTCHER (Gosford) [5.38]: I rise to speak about the future of Gosford Public School which under its principal, Albert Manning, is a fine educational institution. It is more than 100 years old and is located virtually on the banks of the Brisbane Water. Unfortunately, the school is facing a problem experienced by many schools located in an area with a declining population as surrounding areas become part of the central business district of a nearby city, in this case the fast growing city of Gosford. Until recently the major drawing areas for the school were the West Gosford area along Brisbane Water Drive to Fagans Park and the North Gosford area. Those particular areas have experienced commercial expansion and there is now medium density urban development inhabited mainly by elderly couples or people without children. The level of the school population has been in a process of slow decline and this places the school in jeopardy. The present school enrolment is 515, but projections for the years ahead show that in 1992 enrolments will reduce to 501, in 1993 to 480, in 1994 to 450 and in 1995 to 420. This poses a great threat to the school.

Honourable members will appreciate that this threat of reduced enrolment is disheartening to members of the parents and citizens association who feel that there is not much purpose in involving themselves in school activities and raising funds for the school to ensure that students have better facilities, when the school has a clouded future. A number of options are available. One is to sell the site and redevelop it. That proposal was mooted by the former mayor of Gosford who pushed strongly for a sale by the Department of School Education to the council so that the council could be the main catalyst for major redevelopment along the Brisbane Water. That was in 1989. The Minister for School Education at that time rejected the proposal and insisted that the school continue. In my view that decision was right and has been endorsed overwhelmingly by the people of Gosford. The other option was to turn the school into an opportunity school. That idea has been encouraged by the school principal and the parents and citizens organisation - not that it would be exclusively an opportunity school, but it would have a number of opportunity classes. The school would continue to draw from its existing population base but have the advantage of being able to offer opportunity classes to talented children.

Page 5581

It should be borne in mind that Gosford High School, which under the Government's program has become a selective high school, is located less than one kilometre from the public school and that the school is superbly located close to public transport. It is right on the Brisbane Water. Everyone on the Central Coast would like to see the Brisbane Water more effectively used for transport by ferry services. The public school is only 500 metres from Gosford railway station on the main Sydney to Newcastle line and is the central point for bus services along the Central Coast. Buses from as far north as The Entrance and Terrigal, as far south as Umina, Woy Woy and Ettalong and as far west as Somersby and Mangrove Mountain have services that feed into Gosford city. The school at present has children enrolled from all those areas. It has an active parents and citizens organisation and a rare advantage for a school in New South Wales - a large bequest which earns for the school an income of about \$25,000 a year. The school has an extensive computer system, fully linked to the Oasis system. The teaching staff are dedicated. The school site is alongside the Central Coast Leagues Club oval, only 100 metres from the Gosford swimming pool and close to the youth club gymnasium.

Mr ACTING-SPEAKER (Mr Tink): Order! The honourable member has exhausted his time for speaking.

Mr ARMSTRONG (Lachlan), Minister for Agriculture and Rural Affairs [5.43]: The honourable member for Gosford is well known in his electorate and to the Minister for School Education and Youth Affairs for his active and continued interest in ensuring that the Gosford area has quality education for students. Gosford is one of the fastest growing areas on the New South Wales coastline. As a commuter area adjacent to Sydney its future is assured. I shall make sure that the honourable member's comments are placed before the Minister for School Education who will give him a speedy response.

AUSTRALIAN STANDING STONES

Mr CHAPPELL (Northern Tablelands) [5.44]: I draw the attention of honourable members to an historic event which is to occur in the northern New South Wales town of Glen Innes on 1st February, 1992. As an act of commemoration of the role played by people of Celtic descent in the development of Australia, the Australian Standing Stones will be dedicated by His Excellency the Governor of New South Wales, Rear Admiral Peter Sinclair, AO. This array of 38 granite stones standing about four metres out of the ground follows the ancient Celtic custom of erecting such arrays of stones, though the origin of the custom is shrouded in the mist of history. We do know that this massive project carried out by the people of Glen Innes and bearing the imprimatur of the Australian Celtic Council will say to all who visit them for generations to come that many people of Celtic origin - Scots, Welsh, Irish, Cornish, Manx and Bretons - played a significant part indeed in the white settlement and development of Australia. All of these people are, of course, proud Australian citizens. They are not seeking to establish any exclusivist notion of superiority or ranking for the role they and their forebears played. It is simply that they were part of the development of this, our great country. And they readily acknowledge the role of other migrant peoples in this story of nation building. Of course they recognise also the proud history of the Aboriginal people of Australia, whose culture and traditions reach many times further back in time than the known history of the Celts.

The Australian Standing Stones will be the first such monument to the Celts anywhere in the many lands to which they have emigrated and in which they have settled, bringing their energy, skills and culture. It seems that this new array of standing stones

Page 5582

may be the first to have been erected for at least 3,000 years. It is certainly the first to be built in the Southern Hemisphere, though many such arrays dot the British Isles. The stones at Stonehenge, at Callanish on the Isle of Lewis and in many other places draw many thousands of tourists each year. Those tourists come to look, and more importantly to ponder on many events, customs and skills of our forebears. Equally, those who visit the Australian Standing Stones in Glen Innes will have reason to ponder on the works, the culture, and the simple human stores of those early white settlers who opened up and settled this huge new land. The people of the Glen Innes district, like those of many other areas of Australia, now comprise proud Australians who themselves or whose forebears came from most corners of the globe. But placenames like Glen Innes, Dundee, Glencoe, Ben Lomond, Llangothlin and even Stonehenge bear testimony to the origins of the settlers of this district. They came to farm, to mine, to trade and to build.

It is important to record for posterity just how much a part those people played. The Standing Stones will help to do that. All of those associated with this project hope that not only will the Standing Stones for ever anchor the role of the Celts in Australia's development but also they will act as a spur to many other peoples who are equally proud of the role that they and their forebears have played to find similar ways of expressing their pride in being part of the rich tapestry of Australian life. The array of stones will consist of the four cardinal points of the compass and represent the Southern Cross. The Guide Stones will be focused on sunrise

and sunset at both the winter and summer solstices. The Gaelic Stones will represent the Scots, Irish and Manx, and the Brythonic Stone will represent the Welsh, Cornish, and Bretons. Of course there will be also an Australis Stone recognising those who were here before we came. My purpose in raising this matter in the House is to bring to the attention of all members, whether or not they have Celtic ancestry, that this historic event is about to happen and that they, their families and constituents are welcome. Plans are well in hand for major celebrations surrounding the official dedication of the Australian Standing Stones. All Australians of Celtic ancestry should try to come for the dedication or put Glen Innes on future holiday or travel plans. They will not be disappointed. I compliment the people of Glen Innes on the continuing vision, energy and the sense of history they have shown by the way they have involved themselves in this project. I thank the Australian Celtic Council for the great contribution it has made to this important project in celebrating the history and commitment of Celtic peoples in Australia.

Mr ARMSTRONG (Lachlan), Minister for Agriculture and Rural Affairs [5.49]: I am sure that I speak on behalf of all honourable members of this Parliament in congratulating the people of Glen Innes and the Celtic societies on recognising their role in Australian history in such a physical manner. I extend the very best wishes of all honourable members to Glen Innes and the Celtic people for that celebratory day in February of next year. I ask the honourable member to take our best wishes to the people of the district.

INTELLECTUALLY DISABLED ADOLESCENTS

Mr NEWMAN (Cabramatta) [5.50]: I raise a matter of the utmost concern to a number of families in my electorate who have intellectually disabled children reaching adolescence. Recently, I made representation on behalf of Mr John King for his son, Alex, and Mrs Anna Yiannos for her son, Frank, to the Minister for Health and Community Services in another place. The situation of these two families exemplifies a serious vacuum in the community to provide for intellectually disabled adolescents once they reach school leaving age. Alex King is 15 years old and attends the Cooninda School for Special Purposes at Bonnyrigg, where he is taught basic living skills. Alex

Page 5583

has a mental age of only 18 months, but from time to time shows that he understands what is around him with examples of physical communication. When Alex turns 18, he will be too old to attend this school and therein lies the problem for many. There is a community learning centre at Canley Vale where his education could continue, but the centre can cater for only six people and there is already a waiting list of 30.

Frank Yiannos is 18 years old and a slow learner, being a few years below his intellectual standard. Frank is in his final year at Mainsbridge School at Liverpool, and he is doing work experience at a sheltered workshop at the Liverpool District Handicapped Association. The Liverpool District Handicapped Association is experiencing extreme problems, having only one supervisor for 21 persons - the usual standard is one supervisor for six persons - and having its funding reduced to 65 per cent of budget expectations. The association has also lost its right to collect an attendance donation which will mean a loss of \$12,000. Frank has been told the centre may not operate in 1992 and will simply close its doors due to economic hardship. Both John King and Anna Yiannos love their children and, along with hundreds of other families in this situation, made the sacrifices needed to care for them. As John King put it to me, "If you love someone, you put that aside".

These parents, along with many others, endure not only the domestic rigours of home life but also suffer the taunts of some of our ugly Australians who do not appreciate how well off they are. John King told me he has had difficulties in taking his son to public events, and on many occasions he has physically defended his son's right to be treated with compassionate

understanding. I have invited Mr King and Alex to join me for dinner in this Parliament next week to show our caring state of mind and I invite any honourable member to come and say hello to Alex. Families of intellectually handicapped children and others have signed a petition - 3,054 names are listed - calling on the Government to show some compassion in dollar terms so that intellectually disabled adolescents can obtain a fair go at the start of their adult lifestyle. The Hon. Judith Walker has been given the petition to lodge in another place where the Minister responsible for this subject is placed. My representations to date have received an acknowledgment from the Hon. J. P. Hannaford, Minister for Health and Community Services. I quote his letter of 19th September, 1991:

I acknowledge the need for a range of post-school options. Funding for new services under area assistance schemes should be taken up with the Department of Planning.

The south western area of Sydney, including Fairfield and Liverpool, is recognised as having fewer resources for people with intellectual disabilities than other parts of the State.

The Minister also mentions the special education and focus program division of the Department of School Education as having a relevant role and has referred my letter to the Minister for School Education and Youth Affairs who is another place. I must also mention the responsibility of the Federal Government in the case of the Liverpool District Handicapped Association Centre. Representations have been made to the Hon. Peter Staples, the Federal Minister for Aged, Family and Health Services, to improve funding in this area. A number of other families, such as Mr and Mrs Baldwin, Mrs J. Sainsbury and Mrs A. Prince, have asked me to express their concern and to appeal for greater attention to this area of funding. If the Liverpool District Handicapped Association Centre closes in 1992 and if the waiting list for learning centres in Sydney's west just gets longer, it will be a sad indictment on the State and Federal governments' priority for the equality of treatment of our intellectually disabled community in New South Wales. The intellectually disabled will be cast out to a life of virtual home or backyard

Page 5584

imprisonment with no future, no dignity, and only their families to care for them. I leave the House with Mr John King's last words to me:

I want my son to have the same chances for further education as any other person. It is a basic human right.

I ask the Minister for Agriculture and Rural Affairs, who is at the table, to ensure that my statement reaches the Minister responsible.

Mr ARMSTRONG (Lachlan), Minister for Agriculture and Rural Affairs [5.55]: The problems that the honourable member has outlined are most serious. I think every honourable member understands the great difficulties facing families with a member thus affected. I am informed that the Minister for Health and Community Services has been made aware of this problem. Recently he visited the Eric Woodward School at St Ives to see at first hand people who have these difficulties. He met parents, children and staff. As a result, the Minister is addressing the problem and it has a priority. I will certainly ensure that the matter raised by the honourable member for Cabramatta is placed before the Minister.

OILY WATER

Mr SMILES (North Shore) [5.56]: I bring to the attention of the House a problem with a substance called by the trade "oily water". I do so because it is of significance to my electorate. I have identified 15 establishments that generate this product. The proximity of my electorate to the harbour and middle harbour raises concern among those in the electorate of North Shore who care about the proper disposal of waste products in our society. Oily water is generally 95 per cent or more of standard water, with the balance of the total liquid being made up of impurities. Presently there is a tendency to assume, via a telephone call to a trade water section of the Water Board, that such oily water is recyclable. On many occasions I am sure it

is. Oily water is generated by marine bilges, service stations and their tanks, washing plants and various manufacturers. At present oily waters are transported and disposed of largely outside the so-called 4-docket control system managed by the Water Board and the Waste Management Authority. Currently we rely on the integrity of the transport operators who truck and dispose of this waste product. This means that neither the generator nor government inspectors will necessarily know where the load is disposed of.

My worry is that this water, while largely recyclable, may also contain impurities including hydrocarbons, phenols, polychlorinated biphenyls, diesel, petrol, oil and a range of other nasties, all of which may currently be dubbed as being outside acceptable disposal practices. The more polluted liquids at present go through the 4-docket system. The generator of the waste product gets one docket. One docket is held by the transporters. One of the other two dockets goes to the waste management facility at Lidcombe. Consequently, for the more heavily polluted liquids there is a paper trail which is reconciled at the end to make sure that the Waste Management Authority at Lidcombe is the final recipient. This docket system incorporates a number of standards, including limitations on the mixing and carriage of different liquids. No such control opportunities are available for so-called oily water products and similar recyclable liquid products, which do not have to go through any such control system incorporating their transportation and ultimate disposal.

I should like to make it clear to the House that I do not want to cast aspersions on one highly reputable transporter who has a private processing plant at Castlereagh, but
Page 5585

I am concerned about the following issues. First, there is a range of business and government organisations throughout our community which are creating oily waters and they do not know where such effluent is disposed of. Second, it is claimed by the trucking industry that the contractors with the ability to satisfy the 4-docket system are being disadvantaged when tendering in a competitive situation against contractors who may not have such an ability. Third, there are Federal Government contracts which bypass the 4-docket system in New South Wales. I conclude by stating that it is my belief that we have an industrial sink complete with plughole and drainage pipe which has no known direction. I should like to ask the Parliament and the Ministers concerned to consider this issue, because I believe we need broader rules and a tightening up of disposal procedures in line with our community's expectations, with proper industrial waste disposal procedures.

Mr ARMSTRONG (Lachlan), Minister for Agriculture and Rural Affairs [6.1]: The contribution of the honourable member for North Shore is most timely indeed. Our Government is committed to the cleaning up of waters and of pollution generally in New South Wales. We probably have done more towards that end than any other government in modern times. The problems raised by the honourable member for North Shore are quite serious. I will ensure that these matters are placed before the appropriate Ministers.

[Mr Acting-Speaker (Mr Tink) left the chair at 6.3 p.m. The House resumed at 7.30 p.m.]

EXOTIC DISEASES OF ANIMALS BILL

Second Reading

Debate resumed from 13th November.

Mr MARTIN (Port Stephens) [7.30]: I have pleasure in contributing to the debate tonight on this great piece of legislation. I assure the Minister for Agriculture and Rural Affairs that the Opposition will be constructive in its approach to the bill and will do all it can to ensure this Parliament runs smoothly. The Opposition supports this important legislation, which will provide for emergency measures in the event of an outbreak of an exotic animal disease. Before proceeding to the detailed provisions of the bill I should like to make a few observations

about this important subject. When a bill such as this comes before the Parliament its title and subject often draw humorous comment from city-based media or from people unfamiliar with the nature of the issue. But an outbreak of an exotic animal disease in this country has the potential to be Australia's greatest national disaster in both economic and social terms. That may sound like an exaggeration but, put in perspective, it is no exaggeration. The cost involved in repairing the devastation and paying insurance claims - not to mention the social costs - following Cyclone Tracy which hit Darwin in the mid 1970s was \$1 billion. The Newcastle earthquake, which affected my electorate, cost upwards of \$500 million. The Ash Wednesday bushfires cost several hundreds of millions of dollars. In 1982-83 drought cost \$2 billion in direct costs and a further \$2 billion in indirect costs. At this very moment the threat of toxic blue-green algae in our western river system, which was declared this week as a natural disaster, will it is hoped not bring too great an environmental or economic loss to this State.

I understand that an outbreak of foot and mouth disease anywhere in Australia would cost this country in excess of \$8 billion in the first year. If there were such an outbreak, the export of our meat and dairy products would cease overnight. For at least

Page 5586

12 months our wool trade would be severely disrupted and our reputation overseas for a range of other animal products would be under a cloud. On the homefront severe but essential control programs to make sure the disease is isolated and eradicated would result in the possible slaughter of hundreds of thousands of cattle, sheep and pigs. It would mean the destruction of countless farm buildings and equipment and serious disruption to the lives of many farmers and their families. Before we could begin again to export our meat products to Japan and the United States we would have to prove beyond doubt that the disease has been completely eradicated, not merely controlled. The enormous cost of an exotic disease outbreak would have to be borne by the whole community. No one would be isolated from the economic effects of a control and eradication program. That is why this bill is so important.

Over the past 50 years much has been said about the need for uniform State and Commonwealth legislation to deal with a wide range of issues, not the least of which was the need for a uniform approach to exotic diseases in animals. I understand that a report in 1988 identified clearly the lack of uniform legislation in dealing with this problem. The report showed that the effects of an outbreak in Queensland would not be isolated to that State. This bill addresses those types of problems. It will significantly lessen the chances of officials being taken unawares and being unable to deal effectively with outbreaks. I understand also that South Australia has already acted to introduce similar legislation and that New South Wales will be the second State to have taken this course. I am aware of other steps being taken at the national level to increase the ability of government, industry and the community to cope with an outbreak of an exotic animal disease and that the national Ausvetplan is close to completion and testing. I am told that other measures being taken include major programs to upgrade our veterinary schools and agricultural colleges with exotic animal disease awareness education kits. Part of this program involves owners of livestock being encouraged to be on the lookout for suspicious diseases and to report any suspicions early.

In addressing the detail of this bill there are a couple of questions I wish to raise and I am sure the Minister will be able to answer them in reply. First, I ask the Minister to clarify the position in relation to compensation for damage to property owned by the Crown, for example, a national park or a Crown reserve. Clause 55(1) of part 7 of the bill relates to compensation of owners. Paragraph (a) refers to domestic animals and not free-living animals. Paragraph (b) refers specifically to domestic animals. It seems to me that subclause (2) should be paragraph (c). It refers to any premises, animal products, fodder, fittings and vehicles being collectively referred to as property. I seek clarification of the definition of domestic animals in the compensation clause. I seek clarification also in relation to the obligation to pay compensation for destroyed property that is owned by the Crown. That property may be a vehicle owned by the National Parks and Wildlife Service or by the Department of Agriculture, or any other

property suspected of being infected. Contingent upon being satisfied that these issues are addressed in the bill, the Opposition supports the legislation.

The Opposition has considered its position carefully in supporting this bill. It is keen to have clarification relating to compensation, particularly for property owned by the Crown. For example, the Department of Agriculture may use a number of vehicles in controlling the outbreak of an exotic animal disease and ultimately those vehicles will have to be destroyed. Other facilities used by the department may have to be cleansed but the way they are cleansed could well make them totally unusable in the future. What will happen with that government property? Will it be replaced from a fund? I recall the swine compensation matters being wound up in this Parliament, though I am not fully conversant with the detail. However, I recall that the moneys that were left in the fund

Page 5587

went towards consolidated revenue - not to those who contributed to the fund - to help the State out of the financial burden it got itself into. One issue that should be addressed is whether a fund such as the swine compensation fund can be reactivated in order to provide compensation. This legislation is good legislation designed to control exotic diseases. I take this opportunity to thank the Minister for bringing on this legislation early. Since the relocation of the department it must cost taxpayers a great deal of money to transport staff to and from Orange. The Minister, by bringing on this legislation early, will be contributing to the well-being and safety of this State and saving a considerable amount of money.

Dr KERNOHAN (Camden) [7.41]: This bill provides for emergency control measures to be taken in the event of an outbreak of exotic animal disease in New South Wales. Disastrous outbreaks of exotic diseases have occurred in many other countries. An outbreak of fowl plague in the United States of America during the 1980s resulted in the death and slaughter of more than 17 million chickens and cost more than \$63 million to eradicate. Foot and mouth disease struck the United Kingdom in the 1960s and spread to hundreds of farms within a few weeks. These overseas emergencies and experiences demonstrate the need for us to be ready to cope with such emergencies in New South Wales in order to avert the devastating consequences of exotic disease. Though the Stock Diseases Act 1923 provides at present for the control of exotic diseases, the Exotic Diseases of Animals Bill aims to provide substantial uniformity with similar legislative proposals in other States. Each State has a vested interest in the effective control of exotic disease, both within and outside its borders. To this end there exists an understanding between each of the States and the Commonwealth known as the Commonwealth-State cost-sharing arrangement. This agreement provides for the sharing of the costs of eradication and compensation between the Commonwealth, the States and mainland Territories.

The Exotic Diseases Compensation and Eradication Fund, which will be established by this bill, will incorporate the present Foot and Mouth Disease Eradication Fund from the Stock Diseases Act 1923. The Exotic Diseases Compensation and Eradication Fund will comprise money payable to this State under any cost-sharing arrangement between the Commonwealth, any Commonwealth Territory and the States, any gifts, any money appropriated by Parliament and any money advanced by the Treasurer. The purpose of this fund will be to pay for the expenses of control, eradication and prevention programs; to pay compensation to the owners of property which is destroyed and animals which die or are destroyed as a result of an outbreak; to pay administration expenses; and to repay any moneys advanced by the Treasurer. The provision of compensation to the owners of property which is destroyed or animals that die or are destroyed as a result of an exotic disease is an important factor in disease control. It serves as an incentive to the owners to notify any suspicion of disease as soon as possible and it helps to ensure co-operation with the eradication campaign.

Compensation for animals is based on their market-value at the time they are notified to be affected or at the time they are destroyed as a control measure. The value is based on present prices of similar, healthy animals at nearby markets. Property is valued at the time of its destruction. The compensation provisions of this bill will greatly assist with the early containment and eradication of the disease. They will also help to soften the blow for people whose livelihoods have been jeopardised by exotic disease. Having spent the past 30 years as a professional animal scientist, I could speak for many minutes about the effect of exotic diseases on the animal industry in Australia. However,

Page 5588

bearing in mind that I and many other people do not wish to be here in January, and bearing in mind the extremely responsible attitude of the Opposition to this bill, I support the bill.

Mr ARMSTRONG (Lachlan), Minister for Agriculture and Rural Affairs [7.45], in reply: At the outset I thank the honourable member for Port Stephens, who led for the Opposition, for his input. I also thank the Opposition for supporting this sensible legislation. I thank the honourable member for Camden for her contribution. As the honourable member has just said, she has been an animal scientist for many years. She is one of the most respected animal researchers in this country. The honourable member for Port Stephens raised the issue of compensation for Crown property, which is dealt with in clause 55(1). Clause 4(1), under part 1 - preliminary in the bill, states:

4.(1) This Act binds the Crown not only in right of New South Wales but also, in so far as the legislative power of Parliament permits, in all its other capacities.

In simple terms that means that the Crown is equally responsible but it is entitled to any benefits that might accrue under the Act. I am sure that the honourable member for Port Stephens is aware of the amount of money in the Swine Compensation Fund. If there was an outbreak of exotic disease in New South Wales or in Australia those funds would only tickle the edge. Clearly, the State Government and the Federal Government have a responsibility to control exotic disease. With the winding up of the Swine Compensation Act there is an obligation on the State to fund the control of such a disease if it ever broke out on these shores. At present Australia is free of 80 exotic diseases. In some countries exotic diseases such as foot and mouth disease and rabies have cost millions of dollars to eradicate. Because of the capacity of many of these diseases to spread swiftly, time is of the essence in implementing control programs. The movement of people, animals and things capable of carrying the disease may need to be regulated or suspended for the duration of an outbreak. This legislation adequately covers those facets.

I have dealt with the matter of compensation. But compensation may be paid to owners of animals that die, or owners of animals and property that are destroyed as a result of an outbreak of exotic disease. The control measures outlined in the second reading speech and provided for in this bill have been formulated with the knowledge of the socially and financially destructive capabilities of exotic disease. The Australian Agricultural Council, constituted by State and Federal Ministers for agriculture, supports the principle that each State should enact substantially uniform legislation in preparation for any exotic disease outbreak. I am delighted that New South Wales is the second State in Australia to comply with the Commonwealth's request. I am assured by Ministers for agriculture in other States and Territories that legislation is shortly to come before their respective Parliaments. The most important thing is for us to remain ever vigilant in our attempts to ensure that Australia remains the only major country in the world today that does not have - and it never has had - an outbreak of exotic disease which affects either animal life or plant life. This will stand us in extraordinarily good stead in accessing agricultural products, particularly in South-east Asia, which is conscious of the necessity to maintain clean food. I commend the legislation.

Motion agreed to.

Bill read a second time and passed through remaining stages.

POLICE SERVICE (INSPECTOR GENERAL) BILL

Second Reading

Debate resumed from 12th November.

Mr ANDERSON (Liverpool) [7.50]: The Opposition supports the legislation and will not divide on it. My remarks will be brief by normal parliamentary standards, and even by my standards. Everyone is well aware of the purpose of the bill, which is to formalise the creation of the position of inspector general and the appointment of Mr Donald Wilson to the position. It is worthy to note what my revered and honoured colleague in another place, the Hon. R. D. Dyer, said in his contribution to the debate there. He said:

Earlier this year when the Minister announced that the office of inspector general was to be established and Mr Wilson was to be appointed to that position, I asked the Minister in a question without notice whether legislation would be necessary to give effect to that office. The Minister answered in the negative.

We now know that the legislation was necessary, and the Opposition is happy to support it, particularly as it relates only to the three-year appointment of Mr Wilson. It is worthy to note also that at the time of the creation of the position of inspector general the Minister for Police attempted to justify the position on the basis that it was a recommendation in the Lusher report. It was not. The Lusher report recommended an inspectorate. Until about 1929 the title of the head officer of the police force was Inspector General of Police. It was then changed to Commissioner of Police. The Police Board believed that the creation of this office would assist it in carrying out its role in the interest of the Police Service. I hope that will be so. There was much speculation about the appointment, and that has continued. In the *Bulletin* of 13th August, Lenore Nicklin said of a lengthy interview with Mr Wilson, "There is speculation that Wilson will end up eventually with the commissioner's job". In the August edition of the *New South Wales Police News* Mr Lloyd Taylor, the Secretary of the Police Association, reported on an interview with Mr Wilson. He said of Mr Wilson:

He indicated that he was not really disappointed in missing the job of "Commissioner" and realised the position was best filled by someone who really knew the local scene and was part of it. He stated he had no intention of seeking the position at any time in the future and was delighted with his current position which he has been contracted to for three years.

That will remove much of the concern. In the same article Mr Wilson supported the claim that police officers charged with offences arising from their duties should be given legal assistance. I am pleased to read that that is Mr Wilson's view. I wish it were the view of the Government. It certainly is part of Labor Party policy. Mr Wilson probably did not endear himself to the Minister for Police when in the *Sunday Telegraph* of 24th November and in the *Sydney Morning Herald* of 25th November he was quoted as saying that volunteer police were not a goer. Anyone who read those articles would see why Mr Wilson came to that conclusion and why that concept ought to be rejected. The *Police Service Weekly* of 19th August carried an article about Mr Wilson. The article made the point that, as a member of the Police Board, Mr Wilson is located on the 19th floor of the Avery Building in College Street, which formerly was known as the police headquarters; that the office of the Minister for Police is on the 20th floor; and that the office of the Commissioner of Police is on the 18th floor. As a matter of history in the New South Wales police force, the Commissioner of Police has always occupied the top

Page 5590

floor of that building. I said in response to a remark by the Minister for Police in the parliamentary dining-room in front of his guests, and I state categorically to you, Mr Acting Speaker, to the House and to the police force, that my first act as the Labor Minister for Police - which will be sooner rather than later given the way things are proceeding in this State - will be to return the keys to the office of the 20th floor to their rightful owner, the Commissioner of

Police. Members on the Government side of the House might ask me where I will locate my office. I will locate it where it ought to be located, where 44 per cent of Sydney's population lives - in western Sydney. My office will be at Liverpool.

Mr Rixon: In a new building?

Mr ANDERSON: No. In my six and a half years as a Minister I was never located in a new building. I was more than happy with whatever I was allocated. Indeed, I had the oldest ministerial office in Australia; I had Sir Henry Parkes' office for 1,588 days. I was the first Minister to open that office to the public of New South Wales so that they could see part of this State's history. I do not believe that it matters what sort of office or benefits you have; you are a good Minister because of what you do, not because of where your office is located. Policy is what is important. I made that point about the Commissioner of Police and the Police Board because it is important, particularly in the context of this bill. The Commissioner of Police should be located on the 20th floor of the Avery Building and the Police Board should be located on the 19th floor. That is what will happen when Labor is returned to government. The article in the *Police Service Weekly* quoted Mr Wilson as follows:

In terms of my personal achievement goals, I simply wish to be a positive influence in the growth of the Police Service, and to justify the confidence shown in me so far.

I certainly hope that Mr Wilson, a man who has had a distinguished law enforcement and public service career in another part of the world, will be able to say at the end of his three-year term as inspector general that he gave the same service to the public and the Police Service of this State that he gave in Canada. I wish him well. I hope that at the end of the three years he will be satisfied that he has given effect to the sentiment he expressed. His is not an easy task at present. On behalf of the Opposition I have much pleasure in supporting the bill.

Mr MOORE (Gordon), Minister for the Environment [7.57], in reply: I thank the honourable member for Liverpool for his contribution. I have only two comments about offices. I have every confidence in the integrity of the honourable member for Liverpool that he did not use the secret staircase in Sir Henry Parkes' office for the same frequent purpose that Sir Henry used it: to usher his lady friends from the building when his wife was coming through the main entrance. I understand that the Avery Building has a refurbishment cycle of about 10 years. I am sure that by the time of the second cycle, if the position of Minister for Police is vacant, the honourable member might be considered if he is still a member of the Parliament. I am pleased to have bipartisan support for this legislation. The expressions of good wishes to the inspector general for the role he will play for the Police Service will assist him in the knowledge that they have been extended from both sides of the House. I commend the bill.

Motion agreed to.

Bill read a second time and passed through remaining stages.

Page 5591

COURTS LEGISLATION (CONTEMPT) AMENDMENT BILL

Second Reading

Debate resumed from 24th October.

Mr WHELAN (Ashfield) [7.58]: This bill might appear at first sight to be minor and inconsequential in the minds of some people, as its purposes are simply to parallel existing contempt provisions within the Local Court, Supreme Court and District Court and to impose a financial limit on the penalties for contempt. The Minister said the bill was consequential and reasonably unimportant, having the object of removing an anomaly between the District Court and the Local Court. A judge cannot impose a term of imprisonment for contempt in the face of

the court but a magistrate can. The amount of a fine for contempt is limited to \$4, and the bill will increase the penalty to \$1,000. Magistrates will have varying powers to deal with contempt depending upon the nature of the contempt.

I wish to say something about the general principle that is of concern to me and those involved in the law. I am happy to identify them but I do not think it is appropriate. The general principle is that the penalty for contempt in either Local or District Courts is such that they should be dealt with by the Supreme Court and not by a magistrate or District Court judge. Before someone says that I do not have confidence in magistrates or District Court judges, that is not the case. This argument arose when we were discussing the Independent Commission Against Corruption legislation, and the Government agreed with me. The liberty of an individual who may appear before the court is of such importance that it should only be a judge of the Supreme Court, being the last court of general appeal in New South Wales, who considers that contempt behaviour. If a member of the public is found by a District Court judge to be guilty of contemptuous conduct, the usual practice is for the judge to refer the conduct immediately to the New South Wales Court of Appeal, where it has priority. The Court of Appeal on that day or the following day will determine the penalty or otherwise.

The Opposition will be opposing the general principle but will not be dividing on the legislation. However, what concerns me is that the magistrate or judge of the District Court must have control of his own court. That is a weakness in my argument. A person appearing before a court must not deflect the court from the strict and unhesitating application of the law or interfere with the administration of justice in this State. I acknowledge that my argument has this weakness. However I put to one side for the purposes of this debate the fact that magistrates and District Court judges must be satisfied that they have complete order within their courts. The Supreme Court of New South Wales should be the sole arbiter of contemptuous behaviour and the sole decision-maker as to whether a person should be fined or gaoled.

It is not merely a matter of a person being fined \$1,000. Many people cannot afford to pay a fine of \$1,000. What happens if they cannot afford it? In view of rising court costs, it is occurring more frequently that people represent themselves though they do not know what happens in the court system. According to my experience and that of others versed in this area, contempt proceedings are not often brought before the court, but there are enough. We are talking about people's civil liberties. Though I am not able to say that this is the Law Society's view - nor would I - members of the criminal law committee have expressed grave disquiet at the extension of powers that are the subject of this legislation and the extension of powers given to District Court judges. This is a small but significant bill. I reiterate that I have total confidence in the difficult

Page 5592

work of District Court judges and magistrates. It is a conflict of interest between a judge understanding the law relating to unrepresented persons and ensuring that he maintains the administration of justice and order within the court as opposed to the judge being the simple arbiter of whether a person should be fined or sent to gaol.

Many cases of contempt of court have been heard, including a court case named *Taylor v. Whelan* in June 1961 in the Supreme Court of Victoria. That famous case related to the custody of children. In Family Court matters under Federal jurisdiction the judge must maintain order and ensure that the matter proceeds according to the proper administration of justice. An objective approach must be taken to the matter. The District Courts and Local Courts do not have appropriate rules. The Supreme Court of New South Wales approaches the issue of contempt behaviour with a great deal of circumspection. Any person who appears before a District Court judge has an automatic right of appeal. It is regarded as automatic by virtue of the fact that the Court of Appeal, not the District Court judge, will determine the matter the next day. The Supreme Court has its own rules relating to this very issue. On reading

Supreme Court rule 55 one sees that a degree of concern is expressed within the court structure itself. That is now not evident.

I accept that the District Court rules will have to be changed - and I am sure they will because the Supreme Court rules have been changed already. Those rules provide guidelines for judges of the Supreme Court to determine how a person found guilty of contempt should be dealt with. It is not right that someone should be talking about fines. That is okay if the judge or magistrate has a firm hand, and to that extent I concur. But it is unfair to deprive a person of one's liberty when it may be an emotional issue, the person may be unrepresented and appearing before the judge or magistrate who will ultimately determine the penalty - whether it be a gaol sentence or a pecuniary penalty. That is why generally it would be far better if the courts left the procedural and penalty sanctions for contempt of court to the Supreme Court. I am at pains to say that I have absolute confidence in the District Court jurisdiction of New South Wales and, in particular, its Chief Judge, as well as the many hard-working judges. On balance the Opposition will oppose the legislation, albeit on the voices. We hope that the Minister will introduce regulations similar to rule 55 of the Supreme Court Act. We hope also that the Government might reconsider the proposition. It is high time that in New South Wales we had a single court, namely, the Supreme Court of New South Wales with the sole and principal responsibility for the administration of contempt proceedings in the lower and District Courts of New South Wales.

Mr HAZZARD (Wakehurst) [8.9]: This is a housekeeping arrangement that will bring into a reasonable and consistent state the various penalties applicable to the contempt provisions of a number of Acts relating to the Local Court and District Court. The majority of New South Wales citizens who come before the courts accept the role of the courts in our society and the decision-making process. It is the Local Court where about 90 per cent of those who come in contact with the court system are brought before the courts. It is reasonable that those who come before that court should regard it as being the cornerstone of a free and democratic society. For the most part citizens who appear before the various courts respect the position of the court and the presiding magistrate or judge. Occasionally, notwithstanding the very best efforts of judicial officers, citizens lose their perspective of the position of the magistrate or judge as arbiter in that forum. That may occur for many reasons. Litigants come from many different backgrounds. On occasions the circumstances of a case before a court may be touched, if not consumed, by the most extreme of human emotions. One does not have to experience the court system to understand that the transposition of a heartwrenching

Page 5593

dispute to a court because of a complete inability of parties to resolve their differences can lead to the most heated human emotions being displayed. The transposition of other types of cases to the court system often also results in the most heated of human emotions.

Magistrates in the Local Court system particularly deal with these types of situations daily. All sorts of disputes come before their courts: civil claims disputes in which one party might sue another for damages arising out of a contract, an alleged tort or a breach of statutory obligation. Regrettably, often people who are arguing about money can display human emotions that are equal in degree to the emotions one sees in Family Court disputes. In my past practice as a solicitor I saw the rawest of emotions being expressed to magistrates and judges and to opposition parties across the courtroom. When the arbiter - a magistrate or judge - is abused the court must have immediate power to deal with an offender if necessary. One hopes, as is the case in most situations, that a magistrate or judge in that situation would deal with the person participating in the allegedly contemptuous action with tolerance and reasonableness. Often a word in the right tone from the judge or magistrate as a reminder of a person's responsibilities - and perhaps that should occur more in this place - is sufficient. What happens when that is not so? What should be done? Are magistrates and judges to be left without a reasonable and consistent pattern of penalties that they may impose?

The honourable member for Ashfield seemed to have problems with the concept of a magistrate or judge dealing with a contempt. He seemed to think that we should further delay the court system which has already suffered from years of being ignored by the former Labor Government. For the ongoing process of the court it is necessary to have a speedy remedy that will at least be available to deal with a person in the court, or possibly outside the court, who behaves in a way that might be considered to be contemptuous of the court. It is necessary to have a final sanction that is available to a magistrate or judge to enable order to be maintained in the court. The daily activities of a magistrate include hearing family disputes, civil disputes, criminal disputes and possibly coronial inquiries. They are all within the day-to-day ambit of the magistrate. What better or more sensible path could a government take than to give magistrates uniform penalties that might be applied in cases of contempt? A magistrate should not have to worry about the fact that under the Justices Act a person appearing before him can be fined only \$4 or gaoled for 14 days for contempt in certain proceedings. The honourable member for Ashfield considers that the legislation is not as sensitive as it should be. By providing the option of a monetary penalty the Government is giving magistrates a far more humane way of dealing with a possible contempt. It is less likely that a person fined in those circumstances would see fit to challenge the authority of the magistrate by moving to the Supreme Court, an option that is available. The purpose of the legislation is to bring uniformity to the court system so that the everyday processes of the court can be dealt with quickly and a person who misbehaves can be brought back to the starting line, to a position of reasonableness.

The legislation will bring uniformity to various Acts. Under the Justices Act the penalty of 14 days' imprisonment will remain, but the monetary fine will be increased from \$4 to \$1,000. That is eminently reasonable. For consistency the same penalty will be available in respect of civil claims disputes. In the Children's Court the present penalty of \$200 will be increased to \$1,000 and the term of imprisonment increased from 10 days to 14 days. That might be thought to be unreasonable because it relates to the Children's Court. It should be remembered that some young people who come before that court are 17 years of age and on the verge of being adults. Those sorts of penalties

Page 5594

should be available to deal with difficult circumstances. For the purpose of consistency the penalties available under the Coroners Act will be increased from \$500 and 14 days to \$1,000 and 14 days. It is ludicrous that District Court judges have not had the opportunity to have a sword hanging over the head of defendants in criminal cases and plaintiffs and defendants in civil cases. Obviously the District Court is entitled to have a final sanction. The honourable member for Ashfield expressed concern about that matter also. I remind him that for the purpose of having expedient processes it is necessary that the court have these increased powers. If any problem arises, the availability of the appeal process to the Supreme Court should ensure that no one will suffer as a result of this housekeeping legislation. In summary, I submit that these amendments are long overdue. It is unfortunate that when the Labor Party was in office it did not see fit to bring this legislation into order. Perhaps that reflects the ignorance of those on the other side of the House of the real needs of the courts. That may be the reason why court delays increased during the period of office of the Labor Government. I support these sensible amendments.

Mr GRIFFITHS (Georges River), Minister for Justice [8.19], in reply: I thank the honourable member for Wakehurst for his contribution. I also thank the honourable member for Ashfield for the sincerity with which he covered those issues. I will take the opportunity to evaluate the many points he raised, particularly those relating to regulation. The honourable member for Ashfield said that he would hate to see a person, for an offence of contempt of court arising from an emotional action, being without representation and incarcerated. I have sufficient faith in the magistracy and judiciary to believe that that will not occur. If that occurred,

I too would be disappointed. However the Government remains committed because a contempt offence, by its very nature, must be dealt with expeditiously. The court dealing with the primary matter is best placed to deal with that. I commend the bill.

Motion agreed to.

Bill read a second time and passed through remaining stages.

CHARITABLE FUNDRAISING BILL

Second Reading

Debate resumed from 17th October.

Mr FACE (Charlestown) [8.21]: I lead for the Opposition. Charities, their status and problems associated with people collecting under the Charitable Collections Act 1934 have been a concern of this Parliament since the 1980s. The previous Labor Government was addressing the problem and was proceeding towards creating legislation during the period 1986 to 1988, but because the charities branch of the former Department of Finance was like something out of the Dickensian era, the legislation never got anywhere. Quite frankly, I am one of the greatest critics of the Act. At the change of Government in 1988 the charities branch returned to being administered by the Chief Secretary's Department, and the legislative work that had been done was disregarded. One officer of the charities branch, Mike Tucker, had done much of the work. His views were somewhat different from those espoused by the Charitable Fundraising Bill now before the House. I pay tribute to him because he was a very fine officer who wanted to clean up the charities Act. He sought to resolve the problems that have led to this bill coming before the House.

Page 5595

The green paper, released in September, 1989, was entitled "The Fund Raising Appeals and Charitable Purposes in New South Wales". Subsequently, the white paper was released in January this year. At this juncture, I say that that was a very sensible measure. The Chief Secretary and Minister for Administrative Services would have understood in her time in the portfolio - and the previous Minister also - that this was not an easy matter to resolve. Many people needed to have their concerns allayed about, to use an Australian term, a bucket of worms. As I said earlier, the former charities branch was like something out of the Dickensian era. A person who went there to register a charity would see manual typewriters and dear old ladies who would hand out the charitable status. There was no formal interrogation as to what a person was about. The status was based on a person's say-so. That was apparently satisfactory in the mid-1980s.

The purpose of this bill is to provide for the regulation of charitable fund raising activities to charitable and other organisations. The proposed Act will repeal the Charitable Collections Act 1934 and abolish the system of registration of charitable organisations. As the Minister indicated in her second reading speech, since 1934 27,500 charities have been registered in this State. Of that number 12,500 charities remain in existence. It would probably be very difficult to find all those 12,500 charities. Many would be defunct. They were probably one-offs, charities set up for single purposes. Such matters will be dealt with by this bill. There may have been a single charitable collection for some person killed or injured in the workplace, or for someone adversely affected by a disaster. A bowling club in my electorate raised money for an operation to restore a person's sight. Because of my knowledge of the Charitable Collections Act, I was able to indicate to the board at the bowling club and its trustees that we ought to make certain that we wound it up properly and disbursed the moneys in line with the charity's intentions. They did not know what to do.

It is probable that money collected from the community is lying in charity trusts. That needs to be addressed. The Minister and the department, in the fullness of time, may flush out some of these problems. There may have to be some direction as to the disbursement of moneys. There has not been any deliberate purpose in the withholding of charitable funds; those problems have happened with the effluxion of time. I remember when I first came to this place more than 19 years ago one matter brought to my attention concerned houses that had been erected in my electorate as a charitable act following the First World War. An Act of Parliament was needed to change the title of two such houses in Adamstown and several others in the Maroubra area, because the trustees had all passed away. Quite obviously, various trusts and charitable organisations may have money lying in bank accounts that trustees do not know what to do with. Under the proposed Act any person or organisation able to satisfy the Chief Secretary that certain criteria have been met, as specified in the proposed Act - namely, that the appeal is bona fide and that it will be honestly and regularly conducted - may obtain an authority to conduct a fund raising appeal for charitable purposes. Conducting such an appeal without authority is prohibited by the proposed Act, unless it is conducted by religious and other organisations, in which case it is exempted.

Part 5 of the bill sets requirements for persons and organisations involved in fund raising - appointment of directors, inspectors and various other matters - and enables prosecution of the same for not complying with the Act. The major thrust of this bill is to tighten the requirements and thus make it easier for those involved in charities. The reform is long overdue, but certain matters still need consideration. I will elaborate on them only briefly for I am happy with every part of the bill and I am not opposing it. One matter requiring consideration is the certificate of fitness for those who operate professionally in funds collection on behalf of charities. Another aspect is the collection

Page 5596

of funds in containers, and the possibility of such funds being skimmed off. Initially I thought that some amendments could be made to this bill, but now I believe that they would make the implementation of this bill difficult. In a responsible manner I have refrained from making amendments, to avoid making it difficult for the Minister and her officers to bring about proper regulation.

I implore the Minister to abide by assurances that I have received from her privately and from her officers that the regulations will be comprehensive and that she will consult with the community and, most importantly, those charities. I would appreciate being consulted. I have very strong views on this matter and they are well known to her officers. Charitable collections are something with which I have been involved longer than I have been in this Parliament. I will now cover one aspect that I referred to a moment ago, namely, the certificate of fitness of those involved in fund raising and collecting. I do not want to go into great detail other than to say that I do not suggest for a moment that the Minister should set up a burdensome bureaucracy to test people's fitness to collect moneys on behalf of charities. That is not what this legislation is about; it is about simplifying charitable fund raising and collecting. On the other hand, those who collect on behalf of charities and organisations should show that they are people of proper fitness. When I speak of proper fitness I do not speak of their medical health but their past convictions or impropriety.

As a former member of the Privacy Committee of this Parliament I was a great advocate of criminal offenders having the right to be rehabilitated and, after a reasonable period, having minor indiscretions expunged from their records. The Minister will agree that it is undesirable to have people with previous convictions for dishonesty acting professionally in fund raising for charities. Charities need to be all right and also appear to be all right. When any charitable organisation is affected by adverse publicity for dishonesty by a fund raiser all charities find difficulty in raising funds. I have discussed this matter with the Minister's officers and they have suggested that a bureaucracy would need to be established to test fitness criteria being met. I believe that the onus should be placed on the charitable organisation, if it

wants a collector, to come up with some sort of certificate of fitness. In these days of technological advancement such persons should be registered. The charity should ascertain the fitness of who is going to collect on their behalf. The charity will cry that this is onerous but it is in their own interest to do that. In many cases people have erred and have used charities for their own means, their actions reflecting poorly on the whole charitable movement, and on sporting bodies, which are similarly placed, not defined as charities.

I shall not go into the celebrated Huxley case. Another case concerned a movement near and dear to my heart, the Police-Citizens Youth Club movement. The former Chief Secretary, the honourable member for Orange, had to take charitable status from a person who was rorting the system. Other celebrated cases have created a lot of trouble for charities. As a person who has been involved in the Police-Citizens Youth Club movement for the greater part of my life I assure the House that there was no joy in trying to raise money in those years after that blowup. A similar case occurred in Newcastle recently, but I shall not irresponsibly broadcast any identify. All I am saying is that a person who in fact had convictions of some substance was employed by a well-known and reputable charity. I am led to believe by both the Federal and State authorities that the convictions were quite substantial, and how that person ever got that position in the first place is beyond my comprehension. It shows a laxness on the part of the charity and really emphasises what I am putting here, that when any person wants to collect on behalf of that charity, with a fairly great percentage of that money going to the collector, the person should be able to supply details for a certificate of fitness as is

Page 5597

done with a commercial agent or with a person who wants to hold any office dealing with money. The Minister said quite rightly in her speech that it is all part of the definition of trust. There is a trust that money collected will find its way to that charity for that charitable purpose.

Another example of charitable funds collection occurs at traffic lights. Some years ago, at the top end of Oxford Street in Paddington, young people were wandering among the traffic at the control lights and collecting funds. That is dangerous. A question on the subject was answered on the *Questions and Answers Paper* today. Police cars were driving past every day of the week. Police know it goes on. It is a clear breach of the Act. The Minister then, the Hon. R. J. Debus, was trying to clear it up. I will not identify the charity because it was not at fault. Young people with State Bank bags were collecting from motorists on behalf of a particular organisation. Paddington police said that the bags had been photocopied illegally. It was obvious to me, as a person who knows a reasonable amount about the charities Act, that these people were under 18, so they should not have been collecting. I rang the particular Federal branch and was told it would have to be the State branch, and in turn the people there were absolutely amazed and appalled at what was going on. The point I am making is that when the police finally arrested those young people there were not tens, not hundreds, but literally thousands of dollars in their possession. That is all the more reason why there should be some form of statewide identification, apart from any they get from the charity, to show they are there for that specific purpose.

One of the other groups which is a most consistent offender in collecting funds at traffic lights is a group I brought to the Minister's notice recently. As a person who has been involved in that organisation for 31 years I feel I must identify them. I have had talks about the matter over the last two years, one as late as 10 days ago, with Ern Davis, the executive director of the Surf Life Saving Association in this State. He said to me: "Look, I have warned them. I have told them. They have been circularised. They still go up to traffic lights and open buckets and start collecting money". As a person who has been involved in that movement for 31 years I take his view that this is begging, and it is dangerous. However, I shall not identify the surf club, for the matter has been brought to the notice of the Minister's officers who, to their credit, have taken the appropriate action. The fact is these collectors do not get the message and the

actions of a few reflect on charities that try to do the right thing. People have a right to trust that the money they donate to a charity will reach the charity.

Today I brought to the attention of the secretary of the Minister's department inconsistencies that occur in legislation. For example, under the Lotteries and Art Unions Act charities continue to do things they are not permitted to do. I have here a glossy brochure from a worthwhile organisation, though I will not identify the charity. It is offering tickets at \$5 or six tickets for \$25. Quite clearly that is in breach of the Act. We know this occurs with social club raffles, but no one takes any notice. However, the organisation to which I refer raises considerable amounts of money, despite clearly breaching the Act. I have referred to the Police-Citizens Youth Clubs Federation which has had the cleaners put through it in the past seven or eight years. Without blowing my own trumpet I should like to say that the board, of which I was a member, did a good job of cleaning up that organisation. That organisation is now in check, yet prominent people get away with breaches of the Act. I am sure the Minister is concerned about Australia-wide organisations that have charitable status. This is an issue that must be addressed. I know that at present the Minister's department is conducting an internal investigation into this issue.

Page 5598

I am in no way trying to pre-empt the result of that investigation, devastating though it may be. The situation is that Federal charitable organisations are not subject to State laws. A situation could develop whereby a national organisation takes over a State branch, and puts itself outside the State law. In those circumstances, what will happen to funds that have already been collected? I do not confess to know the answer to this issue, but this problem could extend to State branches and sub-branches of national bodies. It may well be that aspersions are cast on the trustees of these charities, yet the trustees act for the advancement of the particular charities. I wish to be responsible about this matter, as I am sure the Minister would understand, and not to refer to the specifics. Perhaps we need a five-year monitoring period instead of one or two years in order to cover things that may occur following the introduction of this legislation. I believe on-going monitoring will be required. It is an indictment of successive governments that it has taken from 1934 until now to do something about this matter.

Another issue that has concerned me relates to the percentage of donations returned to charities. I have raised this matter with the Minister's advisers who have expressed the view that a small percentage of something may be better than 100 per cent of nothing. I know that is said with good intention. I will deal first with collection procedures, especially relating to collections in tins and other containers and the position or location at which collections can be made, and possible exemptions to any requirements. I mention here the Salvation Army because for many years that organisation has collected donations in a responsible manner with the use of sealed containers. The problem relates to unsealed tins used by some organisations for donation collection. I have already referred to the requirement that the form of identification should be clearly visible on the collector. I believe it should be a statewide form of identification. I believe that tickets should display the percentage of donation going to the charity - whether it is 50 per cent to the collector, 25 per cent to the collection agency and 30 per cent to the charity. It seems to me, from a reading of clause 19 of the bill, that the Minister has wide discretionary powers to apply conditions to any authority and to vary conditions imposed. I am concerned about the wide discretionary powers and I believe this is another reason that the monitoring period should be five years. Clause 20 relates to the application of funds raised and necessary safeguards. Charities are permitted proper and lawful expenses of an appeal, to a maximum of 60c in the dollar. Provided that the public is informed I believe that it is unreasonable to deny the charity any amount to which it may be entitled.

As I said earlier, a small percentage of something may be better than 100 per cent of nothing. That may be a charitable thought but the percentage of returns should not be allowed to drop below the present guideline of 40 per cent. It is my view and the view of other people whom I have spoken to that, if this bill is enacted and further assistance is received from other regulations, about which I have already spoken, there may be adequate powers to properly administer the Act. I believe that the percentage of returns should be looked at. I compliment the Minister and her officers on the work they have done in regard to churches - a matter that has worried me for many years. The Minister said earlier in her second reading speech:

Under current law an exemption is afforded to collections for religious activities and the churches have steadfastly argued that the exemption should be preserved. However, the distinction between religious and other charitable activities is, at times, artificial and impossible to administer.

I could not agree more. In my view mainstream churches continue to be responsible, but there are some on the fringe. I do not want to deal in semantics, but those that are on

Page 5599

the fringe are questionable. They are getting into activities that are only a front for supposed religious activities. I well remember in my period in the police force witnessing reverends rolling up to the Department of Motor Transport, as it was known in those days. They were no more reverend than I was. Having said that, I do not know whether that is good or bad. Those people certainly had not been to any theological college. If I had asked them whether they had gone to St Johns at Morpeth, to Moore Theological College or to St Pauls they would have thought that I was talking about the Bible; they would not have known where those colleges were. Over the years I have observed some of these people wishing to run preschools, kindergartens and all other sorts of things. I do not want to knock the charismatic movement but we do not want churches springing up all over the place, as has happened in America.

Mainstream churches have acted responsibly, although it would take only one to start rorting the system. I compliment the Minister and her officers in regard to the discretion relating to churches. If the situation gets out of hand, that discretion can be used. The exemption concerning appeals made in the workplace is much needed. I believe this matter should be looked at and monitored from time to time. Clause 5(3)(b) provides an exemption - a loophole - if an organisation appeals to its members for any reason. It may not prevent persons from setting up an organisation and conducting a fund raising appeal to channel funds to those persons, particularly if donations are given to temporary members of an organisation. Since I have been a member of Parliament I have constantly referred to appeals by people who have either been injured or had relatives killed in the workplace. We cannot regulate and legislate for all these things; it would be quite onerous. But we need to look at these matters in the fullness of time. Charities do play a vital role in providing a great many services but there is confusion in the community about the difference between a charitable organisation and a sporting organisation - a matter I have raised on several occasions with the Minister's officers.

There is a commonly held perception in the community that everything that people donate goes to charities. We cannot legislate for people's perceptions. Sporting organisations control a lot of money in this State. From knowledge I have of my own electorate, the amount of money that goes through the books of sporting organisations could equal the amount of money being received by registered charities. I am not trying to throw cold water on them, but they have very few responsibilities. Every day that I visit places within my electorate I am surprised to find that some sporting organisations are still not incorporated, even though the previous Government and the present Government have emphasised that this should occur. It is obvious that they have not done so because they are in a considerable amount of trouble. The predecessor of the honourable member for Burrinjuck would remember a tragic accident a few years ago at a gymkhana which was not incorporated. Though this is not part and parcel of the Minister's portfolio, there should be some sort of accountability.

As I have said, there is confusion about what is a charitable body and what is a sporting organisation. A number of unregistered race-meetings have occurred throughout New South Wales. I have raised this matter with the Minister for Sport, Recreation and Racing and Minister Assisting the Premier and with the Chief Secretary and Minister for Administrative Services, who is in the Chamber. I compliment officers from both departments for the work they have done in this area. This was not a spoilsport exercise. In many cases registered race-meetings are conducted on racetracks. They are quite legal in this State. So they should be because they serve a useful purpose. Gymkhanas, sports days and picnic races often are not registered but are invariably defined as charitable days. We should draw the attention of these organisations to the fact that they are not charities. More often than not they are sporting organisations and

Page 5600

a lot of betting occurs at these events. I do not want to be a spoilsport but the Act should be changed to make betting legal or someone should be sent to these events to do something about it. There is considerable concern within the community about these sorts of operations and also that people could be injured. It is a case of everyone doing everything his or her own way until someone gets hurt. Then there is hell to pay. One of my major concerns, which has been clarified by the Minister's officers, is the definition of "charitable purpose". The definition of "charitable purpose" in the bill is the old English common law definition, which is not plain English. I accept that the Minister is tinkering with the definition. She cannot tinker with it for too long as the bill has been a long time in coming. However, it is a big step in the right direction. I have expressed concern in regard to the registration of charities. I bring to the attention of the Minister the fact that I am concerned about individual organisations that have not been given charitable status.

I shall refer again to the two organisations with which I have spent most of my life: the Surf Life Saving Association and the Police-Citizens Youth Clubs Federation. The Surf Life Saving Association has an umbrella charitable status. The individual clubs are not accountable, but if visited by an inspector they would, quite rightly, make their books available for inspection. In the light of certain events that have occurred in recent months it is to the credit of the association that its executive director has directed clubs to make individual application for registration as a charity in their own right. That is not before time. The clubs that do the right thing will have no fear about an inspection, and those that may do the wrong thing can be brought into line. I am aware of the inspectorial role of the Minister's officers. From time to time, because of a personal incident, I have been critical of them. However, that axe has been ground and I do not want to go over that ground again. I am sure those officers understand that. I believe that they are sincere in their approach when they say to some people: "You have done the wrong thing. However, it is only a minor indiscretion and you should correct it". In 99 per cent of these cases the mistake has been made innocently.

Chief Superintendent Carter of the Police-Citizens Youth Clubs Federation might not like it, but I shall mention him. He has an absolute obsession about the head office of his association being responsible for the licences for the individual clubs - exactly the opposite to what the Surf Life Saving Association has sought to do for a number of years and is now in the process of doing. That policy is an absolute disaster for the youth clubs. If I seem upset about that matter, I confess that I am. I have put more than half of my life into the clubs. Superintendent Carter has this megalomaniac desire to have this under the one umbrella so that he can get his own way. The ramifications from my saying that tonight are not in my best interests, but I say it because, although he cannot be convinced of it, he is wrong. The Minister's officers have had no trouble, when visiting youth clubs, determining where problems have occurred in the past. However, it would be a nightmare to place the individual licences for 52 clubs under a central control.

In private discussion the Minister's officers have told me that they do not agree with that policy. I am trying to make a comparison between the two organisations. To be bigger is not always to be better, and I believe that there must be accountability at the local level. Bear

in mind that with police youth clubs, surf life saving clubs and most other such clubs, the money is collected at the local level for the purposes of the individual club. The intention is to siphon off money to Sydney to allow these people to do what they want to do statewide. As a former chairman of the police youth club movement I admit I could never get them to comply. I wish Ray Carter - not to be confused with Perc Carter - the best of British luck in trying to pull them into gear. They

Page 5601

have been doing what they have wanted for so many years, and they continue to think they can do it. That is to the detriment of the association, and it is extremely difficult for the Minister's officers. Consider for example raffles run by clubs. I could not control them. The present officials cannot control them, and they could not run a chook raffle. To allow them all the rights and privileges of maintaining an overall licence -

[*Interruption*]

Mr FACE: I thought this debate was proceeding in a good vein. I shall ignore that comment. I am speaking about a serious matter. I suggest to the Minister that if she continues in her office and the Police-Citizens Youth Club gets an overall licence, individual sins will come back to haunt her. That has happened before and it will happen again. That advice is based on my long experience with these clubs. There is a perennial problem with raffling liquor prizes. There is never a club that one enters without encountering someone selling raffle tickets for whisky or other liquor. On one occasion we received a dressing down from the youth clubs interdepartmental committee for having liquor as raffle prizes. We were told that that was dreadful, particularly as we were police officers. I thought that was correct, that we should do the right thing. However, subsequently I was walking past Sydney Hospital and saw two dear old ladies from the Sydney Hospital Guild selling raffle tickets for a large bottle of whisky. I think I have made the point. It happens everywhere; everyone knows it is a joke. There would not be a political party - be it Liberal, Labor or National - that would not be guilty of that. We should correct that anomaly. We should legislate that liquor raffle tickets must not be sold to people under 18 years of age or, perhaps to be a little more technical, liquor prizes must not be given to persons under 18 years of age. When a law becomes a joke and is ignored it should be changed.

The Minister has referred to a conflict of interest, and the time is long overdue to remedy that. The fact is that some charity workers do receive some remuneration and should not be debarred from being on the charity committees. The Minister's officers have informed me that inspections will be conducted every two years and that the number of inspectors will be increased from four to six and to as many as 10 by the end of the year. That is reasonable. I believe there are problems with regard to appointing additional staff, but the Minister should keep that matter under consideration, particularly if additional staff are required during the transitional stage of the legislation. Recently the Minister told me that all the inspectors are auditors. This is a technicality, but I understand that some of them have only experience of an audit nature. Inspectors become involved in various inquiries, and although police should not always be involved, from time to time there is a need for people with proper investigative experience. No one in this world has skills in every area. If there had been a joint investigation into some charities in past years - as there has been between the Corporate Affairs Commission officers and the police, and particularly in regard to the Australian Securities Commission - many problems could have been overcome by taking advantage of the expertise of, say, police officers with experience in the fraud squad.

In this day of computer technology it would be very easy to have computer cross-checking of matters beyond the ability of those inspectors. I am not reflecting on those people, but police have interrogation and investigation abilities and skills not possessed by the inspectors. On the other hand, if the police were trying to do a complicated audit of a particular charity, they would find themselves wanting. Joint skills are required to get to the bottom of these matters. There would be a saving to the Minister in the fullness of time and such

procedures would have a greater influence on those who err along the way. The Minister and her officers have been extremely

Page 5602

approachable and co-operative in this matter, which should have been resolved a long time ago. Though I said I would only speak for a few minutes, I do feel strongly about this matter. With proper monitoring this will be a giant step in sheeting home responsibility to those who do the wrong thing. Those who do the right thing have nothing to fear from the legislation. It will be to the benefit of those who are dependent on charities in a time of recession, when charities are called upon to do so much more. I compliment the Minister and her officers introducing this legislation.

Mr NEILLY (Cessnock) [9.12]: I endorse the remarks of the shadow minister, the honourable member for Charlestown, and his wide-ranging and in-depth comments on this legislation. The Government deserves plaudits for introducing the Charitable Fundraising Bill. This sort of approach will be a lesson to whoever is in government on how to achieve consensus on legislation. The former Minister and the Chief Secretary and Minister for Administrative Services also deserve plaudits and bouquets for their approach. Members of Parliament must have some charity in their hearts. A common consensus should be that the legislative package put forward by way of review of the Charitable Collections Act must be aimed at ensuring that the people of New South Wales are not ripped off and that bona fide organisations in the public arena purporting to work for charities are doing so for charitable purposes and not trying to butter their own bread.

I recall when I was a feather duster that a gentleman mentioned to me that a review would shortly be advertised relevant to the Charitable Collections Act. I thought I had better obtain a copy of it when it became available. I read that advertisement with a great deal of interest. I have audited books for charities for more than half the time that the Charitable Collections Act has been in existence. A change has occurred with many of the organisations whose books I have audited. Some initiated a charitable fundraising activity of their own volition but some of the Returned Services League sub-branches seem more content to rely on their own resources while still remaining registered under the Charitable Collections Act. At the time the review was announced many charitable organisations all of a sudden asked for their books to be audited because they needed a return under the provisions of the Charitable Collections Act. They woke up to the fact they had an obligation under that Act that they had not fulfilled.

I noted in the Government's green paper that since the advent of the Act under the Stevens Government in 1934, more than 27,500 "charities" were registered under the Charitable Collections Act, and it is thought that about 12,500 remain in existence. That is only a guess rather than an accurate count. Despite many purported charities and many bona fide charities being registered under the Act, they were not reporting in conformity with the Act. Also in the public arena a misconception was held by many contributors of what they believed to be charitable causes; by virtue of their registration under the Charitable Collections Act they were charities for the purpose of taxation deductions under the Income Tax Assessment Act. That was apart from the provisions of the Commonwealth taxation legislation where charitable donations were claimed as a deduction for the purpose of income tax. A host of organisations registered under the Charitable Collections Act were far less than charities but had an objective, aim or goal which went towards that purpose.

At State and national level there is a difficulty in defining charities in legislation. Through the Income Tax Assessment Act the Commonwealth has chosen to be by and large specific. The Local Government Act refers to charities and benevolent organisations that are non-definitive. It does not try to discern which ones are eligible. Under legislation relating to fringe benefits a fairly concise attempt has been made to define those organisations, by way of benevolent organisations, which are eligible for

Page 5603

exemption. However, with regard to the legislation before the House and having had an opportunity to speak to ministerial officers, I specifically raised the definition of a charity and said that the legislation lacked a definition. Even though this legislation does not define charities, it does endeavour to define charitable purposes. Following that discussion, the officers told me that they had spent almost two years trying to come to grips with this situation and they have done so in a very commonsense fashion. They did not really try to define it. Within this legislation by way of definition they have given an identification of charitable purposes. One should have charity in one's heart. Give a bloke a couple of bob and he goes down to the TAB. This legislation goes beyond that because the charitable purpose is defined within the definition section. The legislative measure before us virtually enables a Minister to be satisfied that the goal of an organisation to run a charitable appeal is a goal of a charity within the purport of the Act. It is an imposition on departmental officers. However, the legislation does make stipulations about the Minister. The Government has come to grips with the legislation in a commonsense fashion. It has been packaged simplistically, and I think it will achieve its goal.

I agree with the honourable member for Charlestown who said that the legislation gives appropriate exemptions to religious organisations and will obviate the necessity for dual reporting. In the past I have thought when dealing with various organisations that it was ridiculous for them to have to submit a report to head office, another report to other organisations and further reports required under the Charitable Collections Act. The proposed legislation will enable organisations to obtain an authority to engage in public fundraising. That can be done through the principal body or subordinate body. That will be of benefit to Returned Services League organisations who run collection days such as Tin Hat Day. In that way the responsible authority will be able to sort the wheat from the chaff. Organisations that are not benevolent other than to themselves will not be given the entitlements that they have been able to achieve in the past. The choice that will be available under the Associations Incorporation Act will relieve organisations of the reporting responsibilities relevant to expenditure arising from the charitable purpose for which a licence has been granted. They will not be obligated to report to the Charitable Collections Branch. That will ease the burden that has been placed on the branch. In the past the branch has not had sufficient resources to properly administer the legislation. The Charitable Collections Branch will be able to give more attention to reviewing the licences of those persons who seek authority to raise funds for a charitable purpose. I repeat that this is good legislation that has been developed in an appropriate way following consultation. It is aiming legislation in this State in the right direction.

Mrs COHEN (Badgerys Creek), Chief Secretary and Minister for Administrative Services [9.22], in reply: I thank honourable members opposite for their support of the legislation and their positive contributions. I acknowledge the long and sincere interest of the shadow minister in the charitable movement and particularly in Police-Citizens Youth Clubs. As we approach Christmas we are made more aware of the excellent work done by charities in New South Wales and the need for their extra efforts in the present economic climate. It is impossible to recount the names of all the charities in our society and the work they do. However, I should mention a few with whom there has been extremely close consultation and from whom we have received support in the formulation of the proposed legislation. I refer especially to the Smith Family, Salvation Army, St Vincent De Paul Society and the charities that work under the auspices of the churches. I thank all of them for their assistance in the formulation of the bill. I should clarify some of the matters raised by Opposition members. In regard to moneys in an account that are not applied, if more than \$5,000 in assets or income is not applied, the trustees

Page 5604

must make an annual report. Those organisations that are exempt at present from registration will be advised of their requirements as trustees of a charitable trust and asked to explain how the funds will be applied. They may then apply to the Supreme Court for a cy-pres scheme.

The issue of collections made at traffic lights has been raised with the Minister for Police and Emergency Services. I hope that will be settled. The allegation about a possible breach of the Lotteries and Art Unions Act is serious. I would appreciate the honourable member providing me with the relevant details of the allegation so that it can be investigated. Branches of national organisations operating in this State will be bound by the legislation in the same way as are State bodies. I am pleased that the honourable member for Charlestown did not name the particular organisation about which he was concerned. I am familiar with the matter and assure him that appropriate action has been initiated and will be pursued. The issue regarding containers used for charitable collections will be addressed in consultation with the charities when the regulations are being drafted so that we can ensure that containers are secure. The concerns about unregistered race-meetings have been referred to my department and the Department of Sport, Recreation and Racing and appropriate information has been provided to honourable members. Both of the departments will continue to monitor that situation.

I note the matters that were raised regarding the Surf Life Saving Association. Some of them are the subject of legal action and therefore it is inappropriate for me to comment on them. In regard to the Police-Citizens Youth Clubs, the method of organisation of individual charities is a matter for those charities. The policy of successive governments has been not to interfere in the internal management of those charities provided they are achieving the stated objects and the funds are being applied to their intended purpose. I congratulate and admire the honourable member's use of this opportunity to raise the matter of liquor being offered as prizes in raffles. I shall consult with him about it at a later date. I note also the member's comments about the capacity of State headquarters to control the activities of branches. Clause 14 of the bill provides that an application may be made by a governing body on behalf of a branch of an organisation, provided that the branches are subject to the direction and control of the State headquarters of the organisation. Central bodies will be expected to ensure that control is real and not simply apparent. Under the legislation action may be taken if adequate control is not exercised. Under paragraph (5) of clause 14 the Minister will have the authority not to grant fund-raising authority if control cannot be exercised. Those are the essential matters I wished to address. Again I thank the honourable member for Charlestown and the honourable member for Cessnock for their co-operation and kind comments about the legislation. The policy of consultation will continue when consideration is given to the regulations. Close consultation has been the success of this legislation and will certainly continue with the development of the regulations.

Motion agreed to.

Bill read a second time and passed through remaining stages.

GOVERNMENT TELECOMMUNICATIONS BILL

Bill read a third time.

BILLS RETURNED

The following bills were returned from the Legislative Council without amendment:

Page 5605

Corporations (New South Wales) Amendment Bill
Independent Commission Against Corruption (Amendment) Bill
National Parks and Wildlife (Karst Conservation) Amendment Bill
Parliamentary Committees Enabling Bill
Perpetuities (Amendment) Bill
Royal Commissions (Amendment) Bill

The following bill was returned from the Legislative Council with amendments:

PRISONS (SYRINGE PROHIBITION) AMENDMENT BILL

Second Reading

Debate resumed from 14th November.

Mr GRIFFITHS (Georges River), Minister for Justice [9.30], in reply: I thank all honourable members for their contributions to this bill and particularly the honourable member for Peats for his very spirited and enlightening discussion. The legislation creates an evidential burden on the defence to satisfy the court on the balance of probabilities that the governor's consent has been obtained and, where necessary, that supply has been authorised on medical grounds. This is not an onerous burden. If the defence satisfies the court, the onus of proof lies with the prosecution to prove beyond reasonable doubt that the governor has not provided consent and that the supply of the syringe was not authorised on medical grounds. I commend the bill to the House.

Motion agreed to.

Bill read a second time.

In Committee

Clause 3

Mr DOYLE (Peats) [9.32]: I move:

Page 2, clause 3. From proposed section 37A, omit subsections (1)-(3), insert instead:

(1) A person who introduces a syringe into a prison or attempts to introduce a syringe into a prison, without the consent of the governor of the prison, is guilty of an offence.

Maximum penalty: imprisonment for 2 years.

(2) A person who supplies a syringe to a prisoner who is in lawful custody or attempts to supply a syringe to a prisoner who is in lawful custody is guilty of an offence if:

- (a) the supply was not authorised on medical grounds by a registered medical practitioner; and
- (b) if the prisoner is in lawful custody in a prison, the governor of the prison had not consented in writing to the supply.

Maximum penalty: imprisonment for 2 years.

I foreshadowed in my speech on the second reading that I would be moving this amendment and advised the Minister for Justice accordingly. As the Minister will have

Page 5606

noted, I do so to re-establish the conventional onus of proof. I outlined the reasons for doing so in my speech on the second reading, but I will briefly reiterate my reasons for moving this amendment. I have received expressions of concern from a number of parties in relation to this bill. I am sure that the lawyers in this Parliament and their various advisers would agree with this concern about reversing the onus of proof. There is a good reason for the traditional approach to the onus of proof and that approach should only be reversed under the most extraordinary circumstances. Nothing I have heard so far establishes a valid reason for reversing that onus of proof.

I and many other people who have analysed the Prisons (Syringe Prohibition) Bill believe that there is a good deal of scope for injustice through the reverse onus. It is a legal convention which should not be reversed without good reason. It has been suggested to me that the reverse onus may make it even more difficult to establish an offence in many cases than if the traditional onus applied. With the reverse onus, it is incumbent upon someone accused to gain access to prison records to establish innocence in introducing a syringe into a prison. That presents difficulties where there are problems with prison records, where they are incomplete or, as in many cases, non-existent. If the traditional onus of proof applied, it would be a simple matter for the prison governor to supply a certificate which would then be accepted as prima facie evidence that no consent had been given for the introduction of a syringe into a gaol for a prisoner for medical purposes or for other reasons. I did not introduce this amendment to score a political point, but simply to register the concern that has been expressed to me and, I would imagine, the Minister as well. My objective in moving this amendment is the same objective that the Minister is seeking through the introduction of this legislation, that is, the creation of a more secure environment in prisons for prison officers, prison staff and prisoners. This amendment will reduce the possibility of and scope for injustice. Rather than weakening the bill, it will strengthen it. That will benefit everyone - inmates, prison officers and staff alike. On that basis, I introduce this amendment.

Mr GRIFFITHS (Georges River), Minister for Justice [9.36]: The Government does not support the amendment. I will explain the rationale for clauses 2 and 3 clearly and unequivocally for the honourable member for Peats. The purpose of the clauses is to obviate the need for the prosecution to prove that the governor did not consent and or that supply was not authorised on medical grounds unless the defence raises the issue and can satisfy the court. It would be onerous if the prosecution were required to prove that supply had not been authorised on medical grounds, as would be the case under the proposed amendment of the honourable member for Peats. This would require the prosecution to check with every registered medical practitioner as to whether authorisation to supply a syringe had been given. We have not rejected the Opposition's amendment on grounds of principle but after a detailed and lengthy analysis by the department's legal branch, medical staff and strategic service unit. I thank the honourable member for Peats for providing me with the opportunity to evaluate his amendment in detail prior to this debate. I thank him for the spirit in which he has entered into this debate and moved this amendment. However, the Government respectfully declines the amendment.

Amendment negatived.

Clause agreed to.

Bill reported without amendment and passed through remaining stages.

Page 5607

PRISONS (ESCAPE TUNNELS) AMENDMENT BILL

Second Reading

Debate resumed from 12th November.

Mr DOYLE (Peats) [9.40]: I do not intend to speak at length on this amendment. The amendment introduced by the Minister is fairly simple and straightforward. There are some aspects of the bill that I would like to address. The first is the timing of this second reading debate. This bill is being debated despite the fact that it did not appear on the indicative program for the remainder of this year for the current session. Quite obviously the Minister's office knew yesterday that this bill would be debated today, so why the pretence? Why go through the exercise of the Leader of the House circulating a draft program which bears absolutely no resemblance to the actual business of the House? It is just more buffoonery from

the so-called Leader of the House, the Minister for the Environment. Quite obviously he could not run a pub chook raffle, as was confirmed last night by his comments on other prison bills put forward in this House. He may as well have circulated the latest edition of *Australian Playboy* rather than an indicative program because that edition would bear about as much resemblance to what actually goes on in this House between now and the end of the year. This Prisons (Escape Tunnels) Amendment Bill is more "make work" legislation, more window-dressing and, again, is very poorly drafted. The Government wants to be seen to be doing something, to be seen to be doing anything about the shambles to which it has reduced the prison system when in fact it is doing nothing and has no answers. I will go through the clauses of the legislation. As the Minister outlined in respect of clause 34A(1):

Construction of a tunnel or excavation which could reasonably be thought likely to be intended to be used for escape from lawful custody is an offence carrying a penalty of imprisonment for a term not exceeding 10 years.

I ask why the Government has introduced this particular amendment in this form. There are already related provisions in the Prisons Act. I think it would have been a far more simple matter to strengthen those provisions to achieve the same end or an even better result than will be achieved by this amendment. For example, as the Minister has outlined, the sentence for construction of the tunnel is as for the escape but already there is a penalty of seven years' imprisonment under section 32 of the Act relating to rescuing a person from lawful custody. That could be interpreted as tunnelling from the outside rather than the inside of a prison. Likewise for section 33, which relates to aiding an escape, in other words, assisting in the digging of the tunnel itself. Clause 34A(2) makes it clear that if the tunnel was not intended for the purpose of escape the prisoner may mount a defence based on the fact that such work was not intended to be used in this way.

Again the Minister indicates that the prosecution does not have to prove the tunnel or excavation was intended for use in escaping but it is a defence for the accused to establish he did not intend to use the tunnel for escape purposes. So, like all the legislation emanating from the department these days and like all the legislation relating to corrective services that the Minister introduces, this measure will shift the onus of proof. Unlike the syringe legislation with which we have just dealt, there are far more valid grounds for reversing that onus in respect of escape tunnels. The Opposition has no great difficulty with reversing the onus in this particular case because, unlike the syringe legislation which we have just discussed, the tunnel issues are far more clear-cut

Page 5608

and there is less scope for injustice through a reversal of the onus. In respect of clause 34A(3) the Minister said:

A sentence imposed by a court under this section is to be cumulative on all previous sentences to which the prisoner is liable.

The end result of that could be the effective doubling of the sentence for escape. Again, why is the Government tackling this issue in this way? Of course it is to create the illusion of activity, to be seen to be doing something - anything! The Minister in his second reading speech said:

Prison officers have discovered the existence of 12 tunnels in various stages of construction. This is of very serious concern to the Government, and the amendment before the House is in response to the view that every possible measure to deter the construction of escape tunnels must be taken.

When considering the question of escapes and this legislation, it is important to ask the Minister, in dealing with his motivation for introducing this legislation, exactly how many

prisoners have escaped in recent years from New South Wales prisons using the method of tunnelling. The central core of this legislation is how many prisoners have escaped. How many of those involved in the 12 instances of tunnelling to which the Minister referred have been charged as a result of that tunnelling activity? The Minister referred to the most recent incident at the Long Bay Correctional Centre which in his terms was a major tunnel discovered on 2nd November, 1990, at the reception prison. He said the length of the tunnel was 11 metres and only 120 millimetres remained before the tunnel allowed the prisoners access to an area outside the prison walls. The Minister said had this attempt to escape been successful it would have posed a major threat to the community. The Minister stated, after talking about the gravity of that particular offence and the difficulty that the security problems posed as a result, with which there would be no argument at all, that the police were continuing their inquiries with regard to this excavation. This particular incident occurred on 2nd November, 1990. I challenge the Minister to tell this House how many charges have been laid against those who are believed to be responsible for that tunnelling. That is a very important point. I will be interested to hear the Minister's response to that. I think it demonstrates that the Government is not fair dinkum in tackling this issue. If it were, those prisoners would have been dealt with in a different manner and would have been charged by now.

The Minister has a very convenient and simplistic view on the question of escapes. He said that the legislation directly addresses an area of concern to the Government and to the community, that of escape from lawful custody. Members of the community must be able to have confidence in the laws of the land that they uphold and be able to believe that criminals brought to justice cannot escape from justice being served. Those are very noble sentiments, but if this Government was genuine, if it had a commitment to doing something about escapes and wanted to be seen to be doing something genuine instead of this window-dressing, it would do well to take on board the *Sydney Morning Herald* editorial of 7th July. I quote a paragraph from that particular editorial, which I am sure the Minister has read:

The new Minister [Mr Griffiths] is reconsidering his predecessor's plans for dealing with escapees. That is good. Mr Yabsley was committed to an expensive policy of getting tough with escapees. However, the fact is that most escapes from minimum security gaols are by prisoners with fewer than 12 months left to serve. These escapees rarely commit an additional offence whilst at large and the very few offences that are committed are mostly minor crimes against property.

Page 5609

Exactly what are we looking at with this particular question? If the Government were genuine, it would be looking at the other end of the equation, why prisoners attempt to escape. There can be no simplistic answer to that despite the fact that the legislation we have before us is extremely simplistic. As far as tunnelling is concerned the Minister referred to the incident at the Metropolitan Reception Prison 13 months ago. I put it to the Minister that that particular prison, in terms of numbers, is the largest prison in this State. A major factor in escape attempts from the reception prison at Long Bay is the squalid, the inhumane and, in fact, the disgraceful condition to which the Government has reduced that particular gaol, into which this Minister has now introduced a policy of permanent yarding of prisoners. That is corrective services on the cheap, worsening the situation even further, and that is a disgrace. The only other issue I wish to address is the escape rate from New South Wales gaols to which the Minister referred in his second reading speech on 12th November. Once again we have seen resort to the old furphy of reference to the escape rate rather than to numbers. That is done for the transparent reason of hiding the Government's own failure and mismanagement. The Minister said in his second reading speech that the rate of escapes from correctional centres had been reduced by almost half since the Government came to office. Speaking of the escape rate he said:

In the 1987-88 financial year, the last financial year under the previous Government, the escape rate was 3.4 per 100 offender years. This in contrast to the rates of 1.8 in 1988, 1.9 in 1989-90, and 1.8 in 1990-91.

These figures demonstrate clearly the marked improvements following the introduction of initiatives to deter prisoners from escaping. Additional disincentives can only serve to further redress the escape rate.

Any member who gives that assertion a moment's thought would recognise it as absolute rubbish. Why does the Government refer to the escape rate? It does so because it is the only possible means by which it can put a positive light on its record and on the escape rate which has skyrocketed since this Government came to office. The real criterion is the escape number. Those figures tell a different story. The number of escapes in 1987-88 was 79; in 1988-89 it was 100; for the last year for which figures are available, that is 1989-90, the number is 111. The number of escapes from New South Wales gaols is steadily increasing and for that reason the Government has introduced this mickey mouse piece of legislation, to give the appearance of doing something about it. The only reason that the escape rate has decreased is that the gaols are crammed with visitors, to the extent that there has been a population explosion in the gaols. The system is bursting at the seams. It is very convenient but deliberately misleading to talk about rates of escape. The figures are increasing and I believe the introduction of this legislation indicates that the Government has no answers. This diversion before the House is not an answer to the problem. As I said, it is more "make work" legislation. It is poorly drafted. It is more window-dressing. It does not begin to address the major industrial and management issues. It is yet another admission of failure in corrective services administration by this Government.

Mr SCHULTZ (Burrinjuck) [9.53]: The honourable member for Peats made a few comments in relation to the Prisons (Escape Tunnels) Amendment Bill and referred to pub chook raffles. I can understand why he referred to that because soon he will be subjected to a lot of them. The people of New South Wales can judge for themselves the record of the previous Labor Government with regard to prisons. This bill addresses a problem relating to prison escapes. Under the previous system a prisoner charged in relation to an offence of this type could be charged only with damage to prison property. There was no penalty for attempting to escape. The public expectation is that prisoners be punished for attempting to escape. I do not intend to speak at length on this bill, though I understand why there has been some game play here tonight. However, that

Page 5610

does nothing but waste the time of the Parliament. I believe this bill will be accepted by the people. As I said, people have an expectation of what is required of those who serve time in penal institutions for crimes perpetrated against society. I have no doubt the amendment will be well received and I commend the Minister for introducing the bill. The honourable member for Peats referred to an incident on 2nd November, 1990, when a number of life prisoners dug a tunnel of about 11 metres in length and about two metres underground. They were within centimetres of being released. Goodness knows what would have happened had they escaped. I support the bill.

Mr NAGLE (Auburn) [9.56]: Most of the legislation introduced to this House by the Minister for Justice is patchwork legislation designed to patch up the cracks caused by the cramming of our gaols. That cramming is occurring as a result of mismanagement by this hopeless and hapless Minister for Justice. Were better management skills employed, perhaps things would work more smoothly. I warn the Minister that if he goes to Long Bay Gaol and sees prisoners exercising across a vaulting horse, he should check underneath it because the prisoners may be digging a tunnel. Did anyone ask the prisoners who were caught digging a tunnel in November last year if they were covered by the Occupational Health and Safety Act? From my reading of the explanatory note to the bill it appeared quite plain that a maximum penalty of 10 years' imprisonment would be imposed for an offence of digging a tunnel. The explanatory note is supposed to set out what is contained in the bill. However, I found, on an examination of the bill, that we had been either deliberately deceived or, by the sheer incompetence of this Minister, we had been accidentally deceived, because the object of the bill states:

The object of this Bill is to amend the Prisons Act 1952 to make it an offence for a prisoner to construct or take part in the construction of a tunnel or excavation which could reasonably be thought likely to be intended for use in facilitating an escape.

The new offence will carry a maximum penalty of 10 years and any sentence will be required to be cumulative on existing sentences.

No reference was made to proposed subsection (2) of section 34A which states:

(2) It is not necessary for the prosecution to prove that the tunnel was actually intended for use in facilitating such an escape, but it is a defence for the accused to establish that he or she did not intend it to be so used.

That was not set out in the explanatory note. Why? Because the Government did not want us to know about it. It knew it related to the onus of proof. For almost 1,000 years since the Magna Carta the onus has been on the Crown to prove beyond reasonable doubt that someone has committed an offence. Now this Government has changed all that. I suggest that those in the public gallery be careful not to be charged with an offence by this Government because the onus of proof will not be borne by the Crown. The onus of proof will be on an alleged offender to prove that he or she is not guilty. The Government will say: Let us hang them. I raise this important issue because yesterday the Minister told this Parliament, inter alia, that the judiciary was doing what had to be done to get New South Wales working for the betterment of New South Wales. If that is so, why is it necessary for the Minister under proposed subsection (3) of section 34A of the Prisons Act to say that the penalty will be cumulative? Why is he removing the discretion of the judiciary to hand out penalties for criminal offences? The next thing we know, judges will be told what they may take into account. Under this Minister's administration magistrates are being promoted to District Court judges, District Court judges are being promoted to Supreme Court judges, and Supreme Court judges are being promoted to the Court of Appeal and other places.

Page 5611

Mr Schultz: Where are you in the queue?

Mr NAGLE: That is very important. The jury system is there to ensure that people are protected. The Minister for Justice was getting favours from judges who wanted to curry favour. At present there is no judicial discretion. When a person is convicted under section 34A(1) and (2) the judges must determine the penalty. It may be that there were circumstances beyond the control of the person guilty of the offence - although I could not imagine any. Why is the judge not able to say, "He has been a naughty boy", or "She has been a naughty girl" and the sentence will be concurrent? But this Minister has said that a person such as that should receive a cumulative sentence. How would a person convicted of an offence feel if a judge said, "I sentence you to one day cumulative on your current offence for trying to tunnel out of gaol"? No judge would do that, simply because he or she would be criticising this Parliament. The Minister for Justice is not a lawyer; he has never been in a court. The Minister spends his time in his office. If he had been to a court he would know what happens in the legal system. If he had been to a prison he would know what happens in the prison system and he would not introduce such supercilious legislation which is designed to change the onus of proof. He would not say, "Let us take this discretion away from judges". Yesterday this same Minister told us what a wonderful judiciary we have and what a poor legal system we have.

Mr GRIFFITHS (Georges River), Minister for Justice [10.2], in reply: I wish to clear up one matter for the benefit of the honourable member for Auburn. We have an outstanding legal

profession. Yesterday I referred to some members of the legal profession who I believe are letting down the majority who are doing a marvellous job. If the honourable member reads *Hansard* he would see that that is what I said. I thank the honourable member for Peats, the honourable member for Burrinjuck and the honourable member for Auburn for their contributions to the debate. An escape from a correctional centre creates a loss of faith by the community and the judiciary, which is doing a magnificent job, in the system of law and order. Every possible measure will be taken by this Government to prevent that from occurring. The Prisons (Escape Tunnels) Amendment Bill represents the latest in a series of initiatives which are considered vitally important for ensuring public confidence in the correctional system. This is why this bill is essential.

I wish to refer briefly to two points. The honourable member for Peats referred to the reception prison. I agree with the honourable member for Peats; it is the most disgraceful prison in this State and probably in this country. At present it has 525 prisoners, which is far too many. It is an indictment on previous governments that this has been allowed to occur. By 24th December that number will be reduced to 350 and conditions in the reception prison will have significantly improved. I agree also with the numbers referred to by honourable member for Peats. We cannot play with percentages; we have to deal with real figures. Let me deal with real figures. In 1982 to 1984 - a three-year period in the term of the previous Labor Government - there were 554 escapes.

Mr Whelan: It is ancient history.

Mr GRIFFITHS: I know it is ancient history, but it is true. From 1985 to 1987 - another three years of the previous Labor Government - there were 376 escapes. From 1988 to 1990 - the only three years of this Government and there are many more to come - there were 297 escapes, a significant decrease in the number of escapes. Those are the real figures. I commend the bill to the House.

Motion agreed to.

Bill read a second time and passed through remaining stages.

Page 5612

BUSINESS OF THE HOUSE

Hours of Sitting

Mr MOORE (Gordon), Minister for the Environment [10.5]: I move:

That, notwithstanding any resolutions of the House and unless otherwise ordered, the House shall meet for the despatch of business as follows -

- (1) Monday 9th December 1991 at 9.30 a.m.
Tuesday 10th December 1991 at 9.30 a.m.;
- (2) Wednesday 11th December 1991 at 9.30 a.m. with Government Business taking precedence of General Business; and
- (3) Thursday 12th December 1991 at 9.00 a.m. with General Business taking precedence of Government Business.

I have circulated two notices about hours and days of sitting, the second of which corrects a typographical error which accidentally turned 6th January into 4th January. The Government does not intend to have the House sitting on Saturday, 4th January, although there is a remote likelihood, but nothing more than that. The House might need to sit on Monday, 6th January. However, the intention of this motion is to provide for next week the rational framework within which we can achieve a reasonable amount of the Government's program. It is my intention to

try to give all honourable members and, in particular, the honourable member for Ashfield and Independent members, an indication of the legislative program for next week and, more important, an indication of those measures that the Government considers it is desirable to pass before the Parliament rises for the summer recess. Honourable members will, therefore, be aware whether it is likely to be necessary for the House to sit the following week. We believe that this will provide some stimulus for co-operation by honourable members on both sides of the House.

The Government has been comparatively pleased with the rate of progress so far this week. It is the intention of the Government to ensure that, notwithstanding anything that might happen at the conclusion of business on Wednesday next week and in the unlikely event that we conclude the program some time early on Wednesday, members are not deprived of private members' day on Thursday, 12th December. It is the intention of the Government not to rise any earlier than 4.15 p.m. on Thursday next week so that private members' day is preserved. It is certainly my intention - I am sure co-operation will be forthcoming from the honourable member for Ashfield - to endeavour to ensure that, on the days when the House commences at 9.30 a.m. or 9 a.m., non-contentious matters are scheduled for those periods. To suit the convenience of those honourable members who come from rural electorates I will endeavour to arrange the business on Monday so that there are no matters of contention that are likely to give rise to divisions before approximately 11 a.m. on Monday and before 10 a.m. or 10.30 a.m. on other days. I understand that honourable members have a variety of needs. There is certainly a need for us to try, while maximising the period available for the business of the House, to behave in a civilised fashion to meet the genuine domestic needs of a number of members on both sides of the House.

Mr Speaker, if it appears likely that the House will rise on Thursday next week, it is also my intention, subject to your concurrence and the availability of staff, to have the Christmas felicitations and special adjournment motion during the luncheon hour so that rural members can be confident that the House will adjourn at 4.15 p.m. that day.

Page 5613

Honourable members will then be able to return to their electorates at a predictable time. It is entirely possible - although not probable - that, with good will, we will conclude by the end of the next sitting week. The Government will certainly endeavour to do that. The likelihood of sitting in January is highly remote. It is only a middle range possibility that we will sit beyond the next sitting week. With the co-operation of all honourable members we may be able to conclude the sittings of the House at the civilised of hour 4.15 p.m. next Thursday. I commend the motion to the House. I thank the honourable member for Ashfield, the honourable member for Broken Hill and the Whips for their co-operation. In the past 36 hours or so the pace of business has accelerated.

Mr WHELAN (Ashfield) [10.10]: The Opposition deserves a pat on the back. If there is one reason why the parliamentary program has been expedited it is that for the first time in three or four months the Government has listened to the Opposition's suggestion to introduce non-controversial legislation. The bills that the Attorney General introduced yesterday and to which I spoke were based on Federal and State relationships, achieving uniformity between respective pieces of legislation. As I said last night, the Government Leader of the House has done a good job, has not misled the Opposition, although certainly he has used the tricks of his trade to the best of his ability. I accept that. At least the playing field has been levelled. However, he has not enhanced his reputation by distributing the intimidatory letter about sitting hours. I am not concerned so much for the members of the Opposition. They would like to attend school and other functions and be with their families over Christmas, and it would probably ruin their holidays if the Parliament were recalled in January. However, they are elected members and if that were to happen every member of the Opposition will be here. However, the suggestion that the Parliament would sit additional days is irresponsible. That will cause inconvenience to the staff of the Parliament, including staff in the Legislative Assembly and the Legislative Council offices, Hansard, the library, catering, and so on. Can one imagine

the difficulty that would be occasioned to the Parliament if 99 members of this House and 42 of the other place were to return in January? Mr Speaker, if you have the opportunity to speak to the Government Leader of the House privately, you should ask him whether the Legislature's budget would allow for the recall of the Parliament for the suggested additional 12 days.

It was not necessary for the Government Leader of the House to threaten with, as he called it, the sword of Damocles. All that is necessary is genuine co-operation, which could be achieved by Ministers providing copies of bills to the Opposition spokespeople. As I have said previously, if the Government generally wants business expedited, the Opposition will co-operate. The Minister responsible for particular legislation should ensure there is agreement and that people are fully consulted and, as happened yesterday, non-controversial legislation will be dealt with quickly. The real reason the Parliament is still sitting is that the Government has refused to make decisions on important legislation. Previously the Government was defeated on its abolition of jury legislation, but with the changed numbers in the upper House the Government hopes to put that legislation back on the agenda. The best thing for the Government and for the Opposition would be if the Government were to reintroduce that legislation, because the Opposition will support it. What has happened to the Electricity Commission (Corporatisation) Bill? The Opposition has been waiting for months for that bill. It has been held up in Cabinet while the Government has tried to negotiate its way clear to reintroducing it. That bill has been in limbo for two months. Last night the Hunter Water Board (Corporatisation) Bill was dealt with. What about the Nattai National Park Bill? One need only read the *Sydney Morning Herald* to learn that the Cabinet and the Government ranks are split on the gazettal of that legislation. The Labor Party is not split on that bill. Given the opportunity tomorrow, we will evidence that. We are

Page 5614

waiting also for the Search Warrants (Amendment) Bill to be dealt with, and the Tobacco Advertising Prohibition Bill to be considered next week.

Recently the Government made an announcement about casinos. What has happened about that legislation? A copy of it was circulated in Victoria and our colleagues there forwarded a copy to us. An example of the vaunted co-operation that the Government extends to us is that we had to obtain a copy of that bill from Victoria. That is the way the Government operates. That legislation may have to be dealt with. The Attorney-General has made announcements about amendments to the disorderly houses legislation, the effect of which would be that the police would not have to raid brothels that have been operating in Sydney. I want to see that bill. I am sure that the honourable member for The Entrance, fighting a by-election, will want to see that bill. I will tell him why. What the Attorney-General failed to tell the people of New South Wales - but I will be in The Entrance door knocking and informing the people about - is that the honourable member for The Entrance supports a government that will introduce non-regulatory controls on zoning restrictions as to where brothels may be conducted in New South Wales. I will tell the people of The Entrance that their member and this Government will be responsible for the establishment of brothels in residential areas.

Where is all this legislation? I have listed half a dozen vitally important legislative measures about which the Government is in conflict as to what it should do. The two most important bills are the Nattai National Park Bill and the Electricity Commission (Corporatisation) Bill. When the Government has had the decision made for it, when negotiations on those bills have been completed with a variety of vested interests, be it major corporations or the five Independent Members, the Parliament will be able to adjourn. That is what annoys me. The Government Leader of the House has done a reasonable job. However, he has become somewhat high-handed and for the first time I have seen in him an arrogant streak in seeking to intimidate members of Parliament in their behaviour and how the Parliament should be run. On bills of considerable importance to the people of New South Wales such as the Hunter Water Board (Corporatisation) Bill the Labor Party in its wisdom will determine how many of its members will speak and how many amendments it will move. The Labor Party represents a large proportion of the public, almost enough for a majority. I do not believe the advertisements

about the Government receiving 52 per cent of the vote. At the last election 350,000 votes were disallowed as informal because of their tick and cross markings, courtesy of the Minister for the Environment, and the majority of those votes were for the Labor Party. Hopefully, when His Honour hands down his decision we will be on the other side of the House, and the coalition will be on this side. I give an undertaking that, when I am Government Leader of the House, I shall not write a letter containing such sustained arrogance as the Minister did, with a view to intimidating members.

I should like to thank the members of the National Party. In Cabinet and in the caucus room they told the Minister that they would like him to rip up his letter because they would not be returning. They represent country electorates and have not been home for some time. They want to look after their constituents because they know they are on the nose, as is Mr Greiner. They said they wanted to get out of the Parliament as soon as they could. Mr Speaker, on behalf of the Labor Party I apologise for the insincerity and arrogance displayed by the Government Leader of the House to you and to the parliamentary staff, Hansard, the library, and others, in the pretence that the Parliament would sit additional days because that was necessary. The Parliament will adjourn, having disposed of all legislation before it, as soon as the Government introduces the legislation. As soon as the Government introduces those six important bills we will

Page 5615

discuss them and the Parliament will be able to rise for the Christmas recess. That will save the Parliament and the people of New South Wales considerable money.

Mr MOORE (Gordon), Minister for the Environment [10.19], in reply: It would be a great pleasure for me, and I am sure it would be a secure measure for the honourable member for Ashfield, to pat him on the back. I would be the only person that he would be likely to trust to do that who would not want to slip a knife into him - like his colleagues. Everyone knows the old Labor Party adage is that when you give a mate a pat on the back in the best Sussex Street tradition, you are looking for the gap between the fourth and the fifth ribs - except that these days they cannot afford knives. I wish to respond to only two matters of detail in the otherwise entertaining speech of the honourable member for Ashfield which demonstrate, despite the need to posture for those brave enough to venture into the gallery at this hour of the night, that the Parliament can continue to operate in good humour on these matters as we approach the end of the parliamentary year, which we all hope and anticipate - but not necessarily - will be at the end of the calendar year. First, I am informed by my colleague the Chief Secretary and Minister for Administrative Services that the honourable member for Coogee and the honourable member for Charlestown were provided with copies of the casino legislation when it was released to the world. I appreciate the factional difficulties, and one would probably have to give copies of legislation separately to the honourable member for Ashfield and the honourable member for Coogee. Those copies were sent to the honourable members.

The honourable member for Ashfield made a crude attempt to indicate that the Opposition members might go on strike and refuse to work simply because they had better things to do in their electorates. I have been endeavouring to sit this House at civilised hours. I know that among colleagues of the honourable member for Ashfield an expectation is held - in the short period that I have been Leader of the House - that those members will be out of the place on the dot of half past ten at night. But old lags such as the honourable member for Ashfield and I well recall that for a long period being out of here at a civilised hour of the evening, including under my predecessor, was a luxury rather than a right. I am doing my best, even with the slightly extended hours in the evening, to have us out of here still at a reasonable hour. One consequence of that is that if we are not to sit bizarre hours of the night and do absurd things, as was occasioned by my colleagues in the Senate last night, of necessity we will need to sit for more days if we are to deal with the legislation in a co-operative, participative and democratic fashion.

Finally, with respect to the criticism of the honourable member for Ashfield that, by foreshadowing the remote possibility that we might be here in January and the slight possibility that we might be hear in a fortnight's time, I was in some way causing disruption to the lives of the parliamentary staff, I suggest to the honourable member for Ashfield that if on Wednesday of next week I had stood here without giving any notice of intention and endeavoured to move a motion that the House sit for those weeks without giving staff the opportunity to consider the consequences to their lives, that would have been an act of great anti-social bastardry, and I am not prepared to do that. I commend the resolution to the House and the honourable member for Ashfield for his support.

Motion agreed to.

BUSINESS OF THE HOUSE

Order of Business

Mr MOORE (Gordon), Minister for the Environment [10.32], by leave: I move:

That so much of the standing and sessional orders be suspended as would preclude the consideration of Government business until 2.15 p.m. on Monday, 9th December, 1991; Tuesday, 10th December, 1991; and Wednesday 11th December, 1991.

This is merely a housekeeping measure to enable question time to take place at 2.15 p.m. and to enable us to ensure that there will be no divisions during periods early in the morning.

Mr Whelan: That is Government business taking precedence until question time only, is it not?

Mr MOORE: Until 2.15 p.m. As I have indicated to a number of members, that will enable us to deal with non-contentious material not likely to cause a division so honourable members who have reasonable household needs can attend to them before that time.

Motion agreed to.

SUPERANNUATION ADMINISTRATION BILL

Bill introduced and read a first time.

Second Reading

Mr FAHEY (Southern Highlands), Minister for Industrial Relations and Minister for Further Education, Training and Employment [10.25]: I move:

That this bill be now read a second time.

The bill before the House addresses the reconstitution of the State Authorities Superannuation Board. The Government has been considering for some time the introduction of a new management structure for public sector superannuation administration and has had ongoing discussions with the Labor Council to this end. The recent media publicity given to the board decision to realise a substantial decrease in market value of property investment, resulting in the disappointing earnings performance of the board for the year ending 31st March, 1991, has been a catalyst in finalising these negotiations and proceeding with these proposed amendments at this time. They are also timely in view of the terms of office of the current board members being due to expire on 31st March, 1992. There are, of course, considerably more important objectives to be achieved by this legislation. The new arrangements will bring the structure of the New South Wales public sector superannuation administration into accord with the essential responsibilities it is expected to serve.

The board, as presently constituted, is the outcome of a series of amalgamations of four previous statutory superannuation boards and funds, culminating in 1987 legislation which produced the State Authorities Superannuation Scheme. This scheme

Page 5617

was introduced to provide universal coverage for all New South Wales public sector employees. The State Authorities Superannuation Board of today is one of the largest superannuation and funds management organisations in Australia, managing schemes that cover over 400,000 State employees and commands assets of over \$10 billion. For some time

the Government has been concerned about the potential incompatibility of the board's organisational structure with its aim of serving the proper interests for which it was established. The board currently combines the functions of trustee and management. There is significant potential for confusion of focus and conflict in the duties and goals of each function. The need to clearly differentiate these roles and responsibilities has been acknowledged by the Labor Council and the shadow minister in another place.

The true role of the board would have been considered by most to have been that of husbanding and protecting the interests of the scheme's contributors and members. Yet, there is a legal view that casts doubt on whether the role of the board can be seen as that of trustee whose prime duty is always to act in the interests of contributors and members of the schemes it manages. Again, with a monopolistic, closely integrated structure such as the present board, which is a large independent authority having multiple functions, there is a danger that the original purpose for which the organisation was set up - in this case the serving of the interests of members and contributors - can become obscured or less focused and can be potentially subordinated to the self-interest of the organisation.

I am not saying that this in fact has happened. But the way has been left open for it to happen and this legislation will change the structure to ensure that it will not happen. This bill seeks to put this matter beyond question by re-emphasising the trustee role of the board and by separating the board from the corporate organisation, which undertakes scheme administration and investment management on behalf of the board on a contractual basis. With this new structure, the potential for confusion of functions and duties is removed because the focus of the new corporation has been converted, at a stroke, from doing its tasks for their own sake to satisfying the needs of its client. An allied concern of the Government has been that the superannuation administrative structure itself did not provide an exposure to competition and therefore could lead to inefficiency. Again this is not to say that the board is inefficient. Apart from the disappointing investment return during the past financial year, which I have already mentioned and which to a large extent resulted from the recession we had to have, I hasten to remind honourable members of the outstanding investment record of the board over the years.

The Government's concern was that the structure itself was not right, and this had to be the case whilst ever the trustee board remained effectively the captive of the scheme administration and fund investment activities undertaken on behalf of that board. The proposed structure will allow the trustee board to review its contractual relationship with the corporation at any time and will allow the corporate organisation to compete on the open market for its share of the corporate dollar, thus putting it in a better position, by having to cope with the vagaries of the market-place, to meet the challenges of today's very tough superannuation and commercial environment. A further concern with the present structure of the board relates to the Commonwealth regulatory legislation and taxation. Following my remarks in introducing the Superannuation Legislation (Amendment) Bill on 17th October, members will be aware of the imposition of Commonwealth occupational superannuation standards on public sector schemes and their exposure to taxation. These standards highlight the inappropriateness of the conglomerate structure of the State Authorities Superannuation Board in one further area. A key element of the Commonwealth standards is called the sole purpose test. Under the sole

Page 5618
purpose test a superannuation fund must be set up for the sole purpose of providing benefits for the members and their dependants.

Views vary as to whether the board can adequately satisfy this test, but the many investments of the board involve it directly in business management activities which could be seen as a breach of the sole purpose test. Moreover, should it become necessary to form subsidiary companies to enable the board to avoid breaching the sole purpose test, this would expose the board to the onerous burdens of company directorship and the Corporations Law. The Labor Council agrees that the widening of the board's horizons is highly desirable but in doing this it would be palliative to remove this burden and cast it upon another structure

specifically designed to carry it. The Government, also, would prefer to provide a structure which would put the matter of compliance with the Occupational Superannuation Standards Act requirements beyond doubt. Under the proposals a new Investment and Management Corporation, like the Commonwealth Funds Management Corporation, would be free of the suffocating, stultifying OSSA blanket and able to concentrate on the activities of producing the best and most cost-effective scheme management and investment outcomes. Having now explained the special purposes of this legislation I would like to say something of the genesis of its philosophy and the important contribution made by many people to its development. The input to the changes being introduced today has been representative of all interested parties. The broad parameters for reform were established following recommendations of the Cabinet Office, which took account of consultants' reports to the Office of Strategic Planning and input from the Treasury, the New South Wales Superannuation Office and the State Authorities Superannuation Board. Following agreement between myself and the Premier in mid-1990, terms of reference were set for a working party to prepare detailed submissions to go to Cabinet. The legislation before the House is based on those submissions.

During the preparation of the legislation and subsequently there have been negotiations with the Labor Council of New South Wales which have continued over a considerable time. These negotiations have been fruitful and have led to a number of amendments to the legislation to address specific concerns of the public sector unions. The major concerns of the unions and the Labor Council with the concept of the reconstitution of the board have been related to the disbursement of profits and the transfer of the assets of the board on the formation of a separate corporate structure. After protracted negotiations the Government, in the interests of securing passage of the bill, has agreed with regard to the profits to be made by the corporation that it is appropriate for those profits to be paid into the funds under the management of the corporation and treated as earnings on investment. The Government has also agreed that the transfer of the assets from the board to the new corporation will be on terms and conditions that the board itself agrees upon with the corporation. A similar concern of the Labor Council was the distribution of proceeds from the sale of the corporation should this take place some time in the future. Whilst this remains as a remote possibility for the Government and one that I cannot personally envisage, the legislation states that the proceeds from any such sale are to be paid to the board in its trustee capacity. I should point out that legislation will in any case be needed for this exercise, however remote, because of the application of the State Owned Corporations Act 1989.

These three matters represent significant changes to the original draft of the bill that were made following negotiations with the Labor Council of New South Wales. The decision to allow the profits of a statutory corporation to be directed to the various public sector funds administered by the board rather than to Treasury represents a major concession by the Government. It should therefore be clear to honourable members that

Page 5619

the Government is indeed genuine in its motives for the proposed changes to the structure of the board and has the best interests of those 400,000 public employees in mind in introducing the legislation before the House. Having covered these preliminary issues, I turn to the legislation itself. The Government's objectives to overcome the structural problems of the State Authorities Superannuation Board that I have identified are essentially threefold: to separate the trustee role from the scheme management and investment roles, and thus remove the potential for conflict; to unequivocally restate the trustee responsibility for providing for the benefits of scheme members and contributors; and to establish a separate facility for superannuation management and investment on a competitive and commercially oriented footing.

The legislation before the House addresses the first objective by doing two things which essentially underlie the whole of this reorganisation. First, the board is to be reconstituted from 1st April, 1992, unambiguously as a trustee board with the full duties and powers of trustees to act in the interests of members and beneficiaries of the schemes.

Second, there is to be established as a separate organisation operating at arm's-length from the trustee board a statutory corporation providing a commercial service, in terms of Treasury classification. It will be known as the State Superannuation Investment and Management Corporation, having initially as its principal function the responsibility, under contract from the trustee board, of investing and managing the major public sector superannuation funds in New South Wales. The linchpin to the whole of the new structure is the trustee board or, more correctly, the reconstitution of the present board. It will continue to have overriding responsibilities for New South Wales public sector superannuation schemes on trust for the ultimate beneficiaries, the members of and contributors to those schemes. It will continue to have the legal identity, control of fund assets, and all other responsibilities of the present State Authorities Superannuation Board. Its powers will be governed by the Trustee Act 1925, and by the provisions of its own establishing statute, the Superannuation Administration Act 1991, and the other statutes governing New South Wales public sector superannuation schemes.

The second objective will be achieved by the trustee board setting broad directions for administration and investment to be performed initially by the investment and management corporation with which it will contract. The trustee board will have power to contract for all or part of the administration and investment functions to be carried out by some other organisation, subject to the Minister agreeing to a recommendation to that effect. Before such contracting-out can occur, however, the board will have to justify such a recommendation on the basis of this being in the best interests of scheme members and contributors. The new board will be required to have regard in its decision making processes to matters of government policy brought to its attention by the Minister, and at the same time it will also have to abide by the normal fiduciary duties of trustees. The trustee board will have access to sufficient resources to enable it to carry out its duties, including access to the full resources of the corporation as required. In order to preserve the arm's-length relationship with the corporation the trustee board will also have access to the resources of the Government generally, and in particular the facilities of existing specialist agencies which will provide the new board with policy support, training and secretariat functions, including performance monitoring of contractors and liaison with the Government. The board will also be free to engage external consultants as required.

The structural changes to the State Authorities Superannuation Board directly affect its complement. At present there are ten board members, five representing employers and five representing employees. Of the five employer representatives, four are appointed on my recommendation, three on a full-time basis, being the president and

Page 5620

two vice-presidents, and one is appointed on the nomination of the Treasurer, being a person with investment expertise. The five employee representatives are appointed from a panel nominated by the Labor Council, one being full-time, and the rest part-time. The new trustee board will comprise nine persons consisting of an independent chairperson, four employer representatives and four employee representatives. All the trustees will be part-time, but at my discretion as Minister one employee representative may be appointed on a full-time basis. Such an appointee would devote all of his or her time to the interests of the members and beneficiaries. The independent chairperson is to be a person having significant knowledge and experience in superannuation, financial management or related fields. One of the employer representatives is to be a person recommended by the Treasurer. The employee representatives are to be recommended from a panel nominated by the Labor Council of New South Wales. As can be seen, there will be equal employee and employer representation to maintain compliance with the Commonwealth occupational superannuation standards. Any decision of the trustee board requires the support of a two-thirds majority vote of members, which is six members.

The third objective of the legislation is achieved by the setting up of a separate facility for scheme management and funds investment at arm's-length from the trustee board. This is to have a separate organisation that can focus on achieving the best management outcomes

and the best investment outcomes without being constrained by the trustee and OSSA responsibilities. To do this, the legislation establishes the State Superannuation Investment and Management Corporation to carry out those functions in accordance with the directions of the State Authorities Superannuation Board and later on behalf of such other organisations which may seek to tap its specialist administration and investment skills. It will have power to manage public sector superannuation schemes and invest their funds. It will also have power to undertake other financial management, investment and business activities approved by the Minister and the Treasurer. Profits from such activities, as I have already mentioned, will be payable to the trustee board and be treated as earnings on investments. In respect of its public sector superannuation business, charges will be made against the trustee board purely on a cost recovery basis, for otherwise the making of a profit at the expense of scheme members would be seen as an unfair tax on their entitlements.

Provision for powers to undertake business other than public sector superannuation is considered highly desirable for two reasons: first, to safeguard the viability of the new corporation in the event that the trustee board is permitted to contract out elsewhere significant elements of administration or investment; and, second, to make available to all sectors of the Government the very considerable store of skills in funds management and investment that will be available in the new organisation. It is proposed that the new Investment and Management Corporation will acquire all the operational assets of the present State Authorities Superannuation Board - valued in dollar terms at approximately \$14.2 million. Future asset acquisitions will be funded from charges. It is envisaged that all the personnel currently employed by the State Authorities Superannuation Board will be directly transferred to the new corporation with full preservation and continuity of employee entitlements at their current basis of remuneration and career structure.

The board of management of the corporation will be appointed on the nomination of the Minister to manage the Investment and Management Corporation. The board will consist of seven members and will be recommended on the basis of their expertise in the superannuation and commercial fields. There will be a full-time managing director, an independent part-time chairperson and five part-time directors. At the Minister's

Page 5621

discretion, two of the part-time directors may also be one of the employee and one of the employer representatives on the trustee board. I have reached agreement with the Labor Council that these discretionary appointments will be made by me for a period of 12 months from the commencement of the Act. In appointing the members and the chairperson, the bill requires that the Minister consult with the Labor Council and seek its endorsement of the persons nominated. A number of significant financial issues arise from the proposed reorganisation which this legislation will address. I have already mentioned the fact that fairly substantial operating assets will be made available to the new corporation together with operational personnel. The basis of acquisition of these assets will be the subject of agreement between the corporation and the trustee board. Apart from the operational advantages of this restructure, it also transpires that these changes will result in a more favourable taxation treatment of management expenses for the trustee board.

The final matter that should be addressed in this explanation of the proposed legislation is the way in which the costs of the new structure will be funded. The costs of the State Authorities Superannuation Board are currently met by levies on employee and employer accounts. It is proposed that this system will not change, except that the Investment and Management Corporation's costs will of course be met by a direct charge to the trustee board, which in turn will levy employer and employee accounts. The Investment and Management Corporation will be required to submit annual budgets to the Minister just as other statutory corporations and departments in my portfolio now do. There is initially expected to be a neutral cost outcome from these proposed amendments, as the staff currently employed by the board will be transferred to the new corporation and the salaries and support costs of the current executive members of the board will be offset by the salaries and support costs of the

corporation. However, in the longer term I would expect that the separation of focus and responsibilities occurring via the arm's-length contractual relationship established in the new proposals will lead to substantial cost effectiveness and performance enhancement.

This important legislation is singular in its simplicity and the way in which it removes at a stroke the problems or potential problems besetting the present organisational structure. The trustee functions are separated from the functions of management and investment. The seat of responsibility and authority is firmly and unequivocally confirmed in the trustee board, that is, the reconstituted State Authorities Superannuation Board. The trustee role of the board and the interests of members and contributors are unequivocally confirmed. By no means the least of what is achieved is that the investment and management expertise of the old structure is released from the restrictions that now beset superannuation funds and placed in a position where it will be able to compete on a wider base and be available for the benefit of the whole public sector if not the private sector as well. The proposals represent yet another example of the Government's commitment to microeconomic reform in the interests of the people of New South Wales. I commend the bill.

Debate adjourned on motion by Mr E. T. Page.

SUPERANNUATION LEGISLATION (AMENDMENT) BILL

Second Reading

Debate resumed from 22nd November, 1990.

Mr E. T. PAGE (Coogee) [10.48]: The Superannuation Legislation (Amendment) Bill was before the Parliament on 22nd November, 1990, as a cognate bill
Page 5622

with the Superannuation Administration Bill. However, because of the logjam which occurred last year and the election earlier this year, the matter was not proceeded with and is now before the House. The basic aim of the bill is to amend a series of superannuation Acts to ensure that they comply with the standards laid down by the Commonwealth Occupational Superannuation Standards Act 1987. The Acts are as follows: the Coal and Oil Shale Mine Workers (Superannuation) Act 1941, the Local Government and Other Authorities (Superannuation) Act 1927, the Parliamentary Contributory (Superannuation) Act 1971, the Police Association Employees (Superannuation) Act 1969, the Police Regulations (Superannuation) Act 1906, the Public Authorities (Financial Arrangements) Act 1987, the Public Sector Executives Superannuation Act 1989, the State Authorities Non-contributory Superannuation Act 1987, the State Authorities Superannuation Act 1987, and the Superannuation Act 1916. There needs to be compliance with the Commonwealth Act and consequently there must be machinery to enable compliance. These matters should cover actuarial investigation and the content of these actuarial reports; the provision of information to members; the treatment of excessive and non-complying pension benefits; the sole purpose requirement of the superannuation benefits for members; and the incorporation of standards in the governing rules. There is no argument about what has been proposed; it is in conformity with the Federal legislation.

As far as the coal and oil shale mineworkers are concerned two matters are germane. There have been agreements between this State, Tasmania, Western Australia and Queensland as far as coal and oil shale mineworkers' pensions are concerned. My colleague the member for Cessnock will provide more detail on that. The Queensland fund ceased operating on 4th December, 1989. The aim of this legislation is to give New South Wales workers who had worked in Queensland the benefit of the years of service in the Queensland industry for the purpose of pension entitlements. Application for the pension does not increase their pension entitlement but it gets them on the pension list. The other matter concerns payment for the widows of mineworkers who are accidentally killed in the course of employment. There are also some amendments to the parliamentary contributory superannuation scheme. One objective is to transfer control of the administration of the

scheme from the Treasury to the New South Wales Superannuation Office. The other matter of some note again involves compliance with the Federal requirements to take account of the limitation on older members making contributions to the fund. It is not expected that there will be any financial impact on any of the funds because of the provisions of this legislation. It is purely a tidying up of the requirements brought about by the Federal scheme and also some housekeeping arrangements. This bill will repeal the Government Railways Superannuation Act of 1912. Workers will be transferred to the State Authority Superannuation Act. They will not lose any benefits by doing this, so the Opposition does not intend to oppose the bill.

Mr NEILLY (Cessnock) [10.52]: I support the legislation but make some comments relevant to not only the package itself but affiliated or associated matters particularly pertinent to the Coal and Oil Shale Mine Workers Superannuation Fund. As has been said by the member for Coogee, this is an embracing package of legislation pertaining to superannuation schemes which come under the umbrella of State legislation in order to bring them into conformity with Commonwealth requirements. That is the primary thrust of the legislation but it does bring into account a couple of other amendments which are desirable in relation to specific schemes. One specific scheme is the Coal and Oil Shale Mine Workers Superannuation Fund. I have had concerns in relation to that fund for the past decade. I recognised back in 1978 that there was significant change in relation to benefits payable under that particular scheme when there was a shift from a weekly pension arrangement to a lump sum benefit. I recognised

Page 5623

certain actuarial assessments of that scheme based on a pre-conception of the new arrangement, and on the triennial review which took place I think in 1981 and again in 1984. The triennial review may have been a little earlier because of some concerns about the direction in which the scheme was heading.

I recognise that the legislation is essentially ratification of an agreement between colliery proprietors and the relevant unions. I recognise also the concern of employees in the industry in connection with the unfunded liability of the scheme, which has been variously suggested as being between \$450,000 and \$500,000. I know how superannuation schemes work and I know that probably the concerns of many of the people who are engaged in the industry are not justified. Both colliery proprietors and unions have faced the dilemma of unfunded liability responsibly and are endeavouring to overcome it. I suggest that right now, in what is a high profile industry, the scheme is not really relevant to income earning capacity. This legislative package endeavours to comply with Commonwealth arrangements. I refer to the reasonable benefits legislation - RBL. The reasonable benefits applicable to the coalmining industry based on average earning capacity, which according to the colliery proprietors is \$1,100 a week, are nowhere near the benefits payable under the Coal and Oil Shale Mine Workers Superannuation Scheme. I gather it is in the vicinity of \$3,300 per year of service. Look at the RBL limits. Most persons engaged in the industry have to resort to private superannuation to sustain them later in their lives. Most mineworkers, particularly underground mineworkers, conclude their employment between the ages of 55 and 60 and need something better than their current entitlements under that scheme and the supplementary scheme.

The scheme is not really relevant to the industry but it does address two vital issues. The bill will extend benefits to the widows of persons killed in the coalmining industry, and establish entitlement to a pension for those persons who have been engaged in the industry in Queensland. Many persons in this State, through redundancies or cavilling out that occurred back in the 1950s and early 1960s, in order to sustain their employment moved interstate to places such as Blackwater and other major mining developments in Queensland. One peculiar aspect of the scheme as it operated was the benefit that persons achieved when they withdrew their entitlement from the industry before achieving retirement age or if they left the industry under other circumstances not of their own doing, even death. I recall in 1985 a lady coming to see me about entitlements of her stepbrother, who had died. He had not died while working within the industry but he had been engaged in the industry from 1955 to 1985. Having

contributed to the scheme for 30 years, the benefit which was achieved was something of the order of \$3,500. I well recognise that only refund of contributions is applicable in the latter period of service because of changes to the Act which occurred in about the 1960s. I also well recognise the fact that contributions to the scheme were not significant until the latter part of the 1970s, but I thought the benefit was a little ludicrous when measured against an individual's working life in an industry. I ascertained that the benefit in consequence of his demise was only his contributions to the scheme plus interest at ordinary savings banks interest rate, about 3.75 per cent.

I support the legislation because it will enable beneficiaries to withdraw in circumstances such as those I have just outlined and achieve the pool result of the scheme over the preceding financial year for their years of service in the industry during which they contributed to the fund. I do not believe that the amendments to section 14E of the Act, introduced by the Government and applicable from 1st July, 1987, have worked comprehensively. The old scheme provided that persons who sustained permanent or disabling injuries and were unable to continue working in the coalmining industry

Page 5624

received benefits under the fund. Almost daily people say to me that the amendment not only deprived them of an ability to achieve a benefit under the scheme but also failed to recognise that as experienced mineworkers, particularly underground mineworkers, job opportunities were not available for them. I mention one other issue, though I have a vested interest in it. In relation to the amendments relating to the Parliamentary Contributory Superannuation Act, there appears to be a grey area relating to members of Parliament who are re-elected, and I should like that clarified.

Mr FAHEY (Southern Highlands), Minister for Industrial Relations and Minister for Further Education, Training and Employment [11.1], in reply: I thank the honourable member for Coogee and the honourable member for Cessnock for the support given to this legislation. The coalmining superannuation scheme is one that caused me considerable concern when I was in Opposition. At the time the honourable member for Cessnock was a member of the Government. The scheme was largely out of control and that matter was not addressed by the Government of the day. When the coalition parties came to office in 1988 a working party had literally dithered around for the better part of 14 or 15 months without coming to any conclusions. Actuarial reports indicated that there was in the vicinity of \$600 million - not \$400,000 or \$500,000 - in unfunded liabilities and, from memory, money in the fund of about \$60 million. With a diminishing work force membership in the coalmining industry, had there been a considerable run on funds, and had there been a catastrophe of mine closures, because of the state of the industry during the 1980s, there could well have been a situation where the fund was bankrupt and many miners in the industry would have been incapable of getting anything from the fund, let alone a figure of some value. I was not willing to tolerate that situation and requested the working party to find a solution to lead to a fully funded scheme. The working party had wandered around aimlessly for 14 or 15 months under the direction of the previous Government.

To the credit of the representatives of that industry, including the unions, there was a proposal that led to full funding of the project on the then actuarial advice, based also on the numbers in the industry, by the year 2011. That was a significant step forward, in particular because for the first time it was acknowledged by the union that there could not always be a contribution by the employer but there had to be a contribution, as there should be in all superannuation schemes, from the employee. Of course there is constant movement based upon those in the industry and the definition of those eligible for benefits under particular programs. In recent times it has been examined again by a working party consisting of representatives of the New South Wales Coal Association, and Commonwealth and State representatives in an effort to finalise proposals for substantial restructuring of superannuation arrangements for coalminers. It has had broad support from me and the Federal Minister, Mr Crean, and certainly from his predecessor, who had some knowledge in this area - although he

does not appear to be displaying too much knowledge of the Treasury portfolio for which he is now responsible, and of course I refer to Mr Kerin.

From this review we have to bring forward legislation that addresses further full funding and reasonable benefits for coalminers. More importantly, this legislation recognises the peculiar nature of the coalmining industry. In the case of death, the benefit has been agreed on the basis of it being associated in no way with any workers' compensation proposal but with a superannuation death benefit. I have emphasised that because I do not want any suggestion made that if benefits are paid on death in the coalmine, they should be paid in the same workers' compensation sense as a death elsewhere. It is a superannuation mortality benefit. That agreement was reached through discussions between coalmine proprietors and the unions and the Government was happy

Page 5625

to facilitate that proposal in the interest of the industry. It must be remembered that the industry is very important to the State. It is one for which I have a great regard because of my background and it is an industry in which I shall continue to take an interest, in respect of my role in this Parliament. I commend the bill.

Motion agreed to.

Bill read a second time and passed through remaining stages.

WORKERS COMPENSATION LEGISLATION (AMENDMENT) BILL (No. 2)

Second Reading

Debate resumed from 14th November.

Mr E. T. PAGE (Coogee) [11.7]: This bill was previously before the House and was passed on 30th April but lapsed when the Parliament prorogued. At the time it was not opposed by the Opposition, and it is not opposed now. It deals mainly with housekeeping matters. It seeks to amend the legislation to take account of changes which have occurred. The objects of the bill are:

- (a) to transfer responsibility for medical referees and medical panels from the WorkCover Authority to the Compensation Court; and
- (b) to ensure that the total amount to be contributed to the WorkCover Authority Fund by insurers and self-insurers each year is contributed despite any change in the estimate of the relevant premium income on which contributions are based; and
- (c) to make a minor amendment relating to criminal proceedings for false workers compensation claims; and
- (d) to make miscellaneous changes to the legislation dealing with insolvent insurers, including:
 - (i) provision for an interim distribution of surplus money held for the payment of claims involving certain of those insolvent insurers; and
 - (ii) transfer of the administration of that legislation from the GIO to the WorkCover Authority; and
 - (iii) validations to take account of developments in the liquidations involving Bishopsgate Insurance Australia Limited and AGCI.

It is proposed that the GIO, which administers the special funds, recover relevant amounts from the respective company liquidators and that those funds become part of the pool of money available for the benefit of workers. Obviously that is a reasonable thing to do. Those comments generally cover the provisions of the bill. As I have said, the Opposition has no reason to oppose the bill and will not vote against it.

Mr FAHEY (Southern Highlands), Minister for Industrial Relations and Minister for Further Education, Training and Employment [11.10], in reply: I thank the honourable member for Coogee and the Opposition for their support of the bill. The honourable member, in his contribution to this debate, demonstrated that he has a detailed knowledge of what is in the bill. Some matters in the bill certainly need to be tidied up. When Mr Stathis left for parts unknown - probably Majorca in the company of Christopher Skase - a significant amount of money was left. After the Bishopsgate incident things were certainly left in a mess. But money was collected. I believe that

Page 5626

there is a surplus of approximately \$15 million - money that was collected from insurance companies and self-insurers after all the claims had been met. Those insurers and self-insurers should get that money back. I am sure it will be a welcome Christmas bonus. I commend the bill.

Motion agreed to.

Bill read a second time and passed through remaining stages.

WORKERS COMPENSATION (BENEFITS) AMENDMENT BILL

Second Reading

Debate resumed from 14th November.

Mr E. T. PAGE (Coogee) [11.11]: This bill deals with additional benefits under the WorkCover scheme, which was introduced in 1987. At that stage the targeted premium rate was of the order of 3.2 per cent of wages. In 1989 this was able to be reduced to 2.6 per cent. Last year it was again reduced to 2 per cent. In 1991-92 the figure has been set at 1.8 per cent. The WorkCover scheme is a fully funded scheme. There is a provision in the scheme for increased benefits to be payable to injured workers. I will mention a few examples. If a worker dies and that worker leaves dependants, the lump sum component of the compensation payable under section 25 is to be increased from \$150,000 to \$211,850. The weekly amount to be paid to a dependent child of a deceased worker is to be adjusted from \$49.10 to \$66.60. After 26 weeks the maximum weekly payment that can be made to a totally or partially incapacitated worker will be increased from \$545.70 to \$1,000. There will also be an increase in the weekly payment in periods of total incapacity after the 26-week period. The maximum weekly payment will be \$235.20 and the minimum payment for a worker who is over 21 years of age will become \$187.10. The benefit to be paid to a dependent spouse is to be increased to \$62 per week. Payments for dependent children will be as follows: for the first dependent child, \$44.30 per week; for two dependent children, \$99.10 per week; for three dependent children, \$164.16 per week; four or more dependent children, \$230.90 per week; and \$66.60 for each child in excess of four.

There is an increase also in the weekly payment for an injured worker who is only partially incapacitated and an increase in rates for things such as medical and related treatment - from \$10,000 to \$50,000. An employer is liable to pay for an injured worker's hospital treatment. That amount has been increased from \$10,000 to \$50,000. Rates applicable for ambulance services have increased from \$5,000 to \$10,000 and, for things such as artificial limbs and spectacles, from \$500 to \$2,000. The maximum rate for damage to clothing has increased from \$300 to \$600. Generally, there is a significant increase in benefits for injured workers. It appears that 20,000 seriously injured workers will be covered by this legislation. Again, the Opposition will not be opposing this legislation.

Mr FAHEY (Southern Highlands), Minister for Industrial Relations and Minister for Further Education, Training and Employment [11.15], in reply: I thank the honourable member for Coogee and the Opposition for their support of this legislation. Workers' compensation is just another chapter in the remarkable success story of the Greiner Government. In 1988,

when this Government came to office, workers' compensation had a projected cost of 3.8 per cent of wages. It was a cross-subsidised scheme and those at less risk were paying additional premiums to cover those in higher

Page 5627

risk categories. Benefits had been reduced to the degree that they could only be described as second-rate welfare payments. This financial year, under an extremely capable and professional WorkCover Authority board and due to the efforts of dedicated and committed officers, current costs are 1.8 per cent of wages. In the past three years we have seen more than a 100 per cent reduction in premiums. Benefits have been improved by approximately 500 million per annum. The unfunded liability has been wiped out. On the advice of the actuaries the contingency fund is in a comfortable position to guard against any significant blowout that might occur through unintended or unpredictable circumstances.

Without the slightest doubt New South Wales has the best workers' compensation scheme in Australia. That is a remarkable success story. The scheme has been turned around from being a scheme in trouble and paying very little to injured workers to being a just and equitable scheme for workers - a scheme which employers are able to afford. The amendments that are being dealt with tonight will add significantly in each instance to specific weekly benefits that are available for workers who are injured - what was previously known as the table of maims. The threshold for incapacity is down from 33 per cent to 25 per cent. This Government will ensure that while it remains in government, which will be for a number of years, the workers of this State will get a fair go. The Government will ensure that employers in this State are capable of paying injured workers those essential benefits. It is interesting to note that the claims for these benefits have been reduced in the period that this Government has been in office. This is due largely to the education processes put in place by the WorkCover Authority. Because of the affordability of the scheme employers are taking much more interest in prevention and rehabilitation. Claims have been reduced from about 130,000 to fewer than 100,000. I commend this bill to the House. I thank the Opposition for recognising the fact that this legislation is a further boost to the injured workers of this State.

Motion agreed to.

Bill read a second time and passed through remaining stages.

PAY-ROLL TAX (AMENDMENT) BILL

Second Reading

Debate resumed from 23rd October.

Mr J. H. MURRAY (Drummoyne) [11.20]: The Opposition is not opposed to this bill but, for the benefit of the House, it will criticise the Government's introduction of it. In effect, all that the Government has done is to adopt Labor Party policy. The House will remember that in July this year the Leader of the Opposition announced an alternative budget. One of the main platforms of that budgetary policy document was the abolition of the measure that this bill seeks to delete, the phasing-out of the Education and Training Foundation levy. That is another example of the Government having stolen Labor Party policy. Although it has done that, it has not brought forward a bill that will effectively curtail this drain on the public purse. The foundation was unveiled by the Premier with considerable fanfare in his first Budget. As I understand, the idea for the fund flowed from the Government's election campaign launch when the Hon. Nick Greiner, when he was Leader of the Opposition, pledged that under his Government more than 16,000 new employment and training opportunities for young people would be created. Every time I speak in the House I remind the Government that over a period the Premier shows that he cannot be believed. Whenever he speaks his comments go on

Page 5628

the record. Members on that side of the House should realise that although he might overcome his colleagues at question time and they all applaud his utterances, they should always check the record 12 months later; because 99 per cent of the time he is proved wrong.

When the Premier was the Leader of the Opposition he was particularly critical of the youth employment scheme, which subsidised employers who engaged and trained young workers. It was easy for him to criticise such a scheme, but it has proved rather difficult for him to formulate a better scheme. A classic example of that is that he now has had to break his election promise and curtail this scheme - indeed phase it out. Though theoretically the scheme was set up to attract donations from the private and business sector, to date it has failed to do that. Many of the benefits that have arisen from the scheme - and I admit there have been benefits - have come not from contributions from the private sector but from the Government's initial \$5 million investment in the foundation and from the payroll tax component, which allowed the organisation to invest money and develop schemes with it. The Minister for Sport, Recreation and Racing and Minister Assisting the Premier becomes uneasy when I quote what the Premier has said in the past. The Minister has had a difficult time with Eastern Creek, and although he knows all about S-bends he has had to do a few U-turns. I want him to realise that even the Premier has experienced the same difficulties.

Mr Souris: I won the grand prix.

Mr J. H. MURRAY: The Minister might have won the grand prix but he has not won the marathon, and that is the problem. On 25th February of this year at the Powerhouse Museum the Premier launched an employee training scheme. He said:

I am an unabashed salesman for the Education and Training Foundation, because I think the concept was right -

This was in February. There must have been an election in the air. He continued:

- and because I think it has been implemented and executed very, very successfully, with the help of both those who have been on the board, from both public and private sectors, and, more particularly, it has worked very well because of the co-operation that the private sector has been good enough to extend to it.

That was February, this is December. That is not a long period. In February he thought the foundation was better than sliced bread, but now this bill will give it the chop. The Premier said:

It is really a basic part of the strategy for New South Wales, not only in terms of positioning ourselves as a lead economy in the Asian Pacific region -

He has wiped the Asian Pacific region. Now he is into Russia and the Baltic States. But in February it was the Asian Pacific region. The Premier continued:

Not only in that way but in terms of a human strategy, a strategy for the people of New South Wales.

This is what the Premier said about the foundation in February of this year. He concluded:

I am delighted to be a salesman for the foundation because it deserves as much support as indeed it has been getting.

Page 5629

I will tell honourable members where the support is. Obviously with this bill the Premier has decided to put the sword into this organisation. I cannot quibble with that. The Opposition disagreed with the Premier in February, and in June-July we said that there were problems with the foundation and that money allocated to it could be better used for hospitals, education and police. The point is that the Premier has now agreed with our philosophy and has introduced this bill. The background of the Education and Training Foundation is that it was established in 1988 to develop and fund new business-oriented training schemes. It was funded partially by

allowing employers to elect, by ticking a box on their payroll tax form, to divert 2 per cent of their payroll tax to the foundation. Every government department that pays payroll tax ticked the box, and the foundation received 50 per cent more money than was expected. However, a few public servants were asleep at that time.

The main thrust of the bill is to reduce funding to the foundation from State Government payroll tax receipts. The bill will amend the provisions under which employers may elect to contribute 2 per cent of their payroll tax contributions to the foundation. The impact of the bill will be to halt all contributions from 1st August this year until 1st May, 1992; to then allow for contributions, but for the contribution rate to be reduced from 2 per cent to 0.5 per cent from 1st May, 1992. I understand that when you wish to curtail an organisation such as this, rather than cut it off at the knees immediately you allow a phasing-out period. The foundation has funds available for investment in the interim period and has advanced money to organisations for the next 12 months. However, the foundation has not spent all the funds allocated to it. The present arrangement, whereby an open-ended amount of tax revenue is allocated to the foundation to sit in a bank account, is unsatisfactory, especially in the present budgetary climate. That is what has happened. That money could be better spent.

At the last election the Opposition committed itself to ceasing the tax funding of the foundation. As indicated in its July financial statement the Government announced that this diversion of tax would cease. The only difficulty is that this amendment does not cut off in a short enough period as required by the Opposition. In view of the falling revenues from State taxes resulting from the current recession, the overexpenditure and excesses of the Government on such areas as Eastern Creek Raceway, the Government has decided that the payroll tax contribution should be temporarily suspended. Schedule 1 provides for that. I commend the Government for undertaking a viable economic proposal that was put forward by the Leader of the Opposition. It is cogent and is one that has proper economic rationale. I understand the Budget of the Government is in tatters. Today the Premier admitted that and obviously this particular legislation will be of some benefit to the people of New South Wales in overcoming those inappropriate expenditures that this Government has incurred. I am sure the Minister for Sport, Recreation and Racing and Minister Assisting the Premier will be particularly pleased to learn that there will be only one speaker on this measure.

Mr SOURIS (Upper Hunter), Minister for Sport, Recreation and Racing and Minister Assisting the Premier [11.32], in reply: I thank the honourable member for Drummoyne for his contribution and the support of the Opposition for this bill. I make one amendment to the points raised by the honourable member for Drummoyne, and that is to suggest that the original legislation had a sunset clause in respect of the funding of the foundation, which was due to end in June 1993. Therefore the goal at the time was for the foundation by that time to have become self-funding. The sunset clause still remains. The only amendment is that the contributions to the foundation - which is not going to be phased out, suspended or have a sword taken to it - will be temporarily suspended until May 1992 although the sunset clause for contributions remains until June

Page 5630

1993. The work of the foundation has been highly successful and has been referred to on other occasions. The work of the foundation will be able to continue, even during temporary suspension of contributions. In most part it will be able to achieve its self-funding objective beyond the sunset date and be successful beyond that point. I commend the bill and thank the Opposition for its support.

Motion agreed to.

Bill read a second time and passed through remaining stages.

PUBLIC FINANCE AND AUDIT (AUDITOR-GENERAL) AMENDMENT BILL (No. 2)

ANNUAL REPORTS LEGISLATION (AMENDMENT) BILL (No. 2)

Second Reading

Debate resumed from 2nd July.

Dr REFSHAUGE (Marrickville), Deputy Leader of the Opposition [11.34]: The Opposition supports this legislation. The proposals flow largely from the report of the Public Accounts Committee into the Auditor-General's Office. The Opposition does note however that the report was issued in July last year. For this relatively simple piece of legislation it has taken 17 months to finally bring the bills into the Parliament on matters that greatly affect the financial standards of this State. Nevertheless, we are generally pleased with the legislation. We note also that the Auditor-General generally supports the proposed bills. The most important aspect is to legally empower the Auditor-General to carry out special audits, commonly known as comprehensive audits or value-for-money audits. At present the Auditor-General periodically conducts such audits, but these are only reported in the Auditor-General's three reports to Parliament tabled each year.

The new provisions allow for more regular reporting and set out the procedures by which audits are to be conducted. Of course, the Opposition has welcomed the limited use of special audits conducted to date, including two matters of concern that we raised in Parliament. These were the Government's excessive use of consultants, which still continues unabated, in particular in the Water Board, and the Government's high level of commitment of taxpayers' funds to the Eastern Creek project. Again we have seen only this week further commitment of taxpayers' funds. I would expect the Auditor-General, in a further report, to be making some comment about the way in which the Government has handled this important but incredibly bungled project of the Eastern Creek race track. Comprehensive audits do have an important purpose. They inform the Parliament and the public of operations of government and hopefully lead to corrections of abuses of these operations. The Opposition publicly committed itself to adopting this proposal in our microeconomic reform policy issued in October last year.

I turn to other matters. We support the proposed triennial review of the Auditor-General's Office, with such a view to be under the auspices of the Public Accounts Committee. We support the reconstitution of the Auditor-General's Office as a body corporate able to employ staff under this Act rather than the Public Sector Management Act. At the same time we support provisions to protect the Auditor-General and his staff from personal liability in the execution of this Act. Apart from other minor amendments which improve the procedures of the office and the system of auditing accounts, the Opposition is supportive also of two specific proposals provided in this bill. The first is

Page 5631

to require statutory bodies to advise both the Auditor-General and the Treasurer of the formation of subsidiary organisations. Despite continuing tightening of all financial administration procedures by both the former and present governments, there are still opportunities where organisations can be established without the proper scrutiny of Parliament. This provision helps to ensure that. Cases have arisen where a particular organisation under ministerial responsibility has been able to set up a subsidiary outside the guidelines set up for the original corporation, again outside the ministerial accountability and responsibility and therefore bypass what should be parliamentary scrutiny.

We are pleased to see included in the cognate bill the provision that requires heads of departments or authorities to include in their organisation's annual report a response to matters raised by the Auditor-General in the audit of that organisation. We have carefully examined the re-presented bills and propose to move two amendments. The first amendment is to establish an Auditor-General selection committee of the Legislative Assembly, whose function is to recommend to the Parliament, for subsequent recommendation to the Governor, the appointment of the Auditor-General. The second amendment is to delete the proposed Governor's consent for a former Auditor-General to take up a government position. Under this

amendment, once an Auditor-General's term expires, he or she will not be eligible to take up any government post. Both these amendments are in accordance with the Public Accounts Committee recommendations, and I will point this out to the House when this is considered at a later date. The members of the Public Accounts Committee who made those recommendations include the Minister for Sport, Recreation and Racing and Minister Assisting the Premier, the Minister for Justice and the Assistant Treasurer - two important Ministers and an important assistant Minister in this Government who made the specific recommendations that the Opposition will move as amendments. It will be interesting to hear if they change their position between when they made those recommendations which were reported in July 1990 and when we vote upon them in the House. These bills generally continue the process of financial reforms commenced by the former Labor Government, particularly under the Treasurership of the late Ken Booth. The Opposition gives them its support, with the addition of our amendments.

Mr SOURIS (Upper Hunter), Minister for Sport, Recreation and Racing and Minister Assisting the Premier [11.40], in reply: I thank the Deputy Leader of the Opposition for his contribution and the Opposition for its general support of the bill. However, the Government intends to oppose both the proposed Opposition amendments to be moved by the Deputy Leader of the Opposition, in particular the amendment concerning the creation of a parliamentary select committee for the selection of the Auditor-General. The Government opposes any restriction on the Auditor-General, after leaving that office, accepting any position of service within the Government. The Government believes both proposed amendments are unjust. The Government has given the selection committee proposal considerable thought. In discussion with Independent members of this House, the Government undertakes that a committee will be established once the Government is prepared to make a recommendation of a particular nominee for appointment as Auditor-General. The committee will be able to review that recommendation. Depending on the outcome of that review, the Government will proceed to make the appointment; if the outcome of the review is to reject the nominee, the Government will undertake to produce a further recommendation for consideration by the committee. The Government believes that arrangement will provide the sufficient parliamentary process and input that is being sought but will avoid setting up the superstructure of an entire parliamentary committee and the necessary attendant overlap.

Page 5632

The Government is of the opinion that the proposed prohibition by the Opposition on the Auditor-General accepting any other government office after ceasing to be Auditor-General would deprive the Government of the services of a most senior and highly respected public servant whose probity would be beyond question. Arguably, the highest person of probity appointed by this State would be the Auditor-General. It is plainly ludicrous to suggest any possibility of corrupt conduct by the Auditor-General in his prior acceptance of any particular government appointment that would influence him in his duties during the last part of his term of appointment. It is in the best interests of the taxpayers, public and Government of New South Wales to consider, if appropriate, and without any reference to any possible appointment during such term, an appropriate appointment to best utilise the services of such an important and high ranking person in the service of New South Wales after termination of his fixed term of appointment. On those grounds the Government intends to oppose both amendments to be moved by the Opposition. But the Government is thankful and grateful to the Opposition for its support for the essence of the bills.

Motion agreed to.

Bills read a second time and committed.

Progress reported and leave granted to sit again.

BILL RETURNED

The following bill was returned from the Legislative Council without amendment:

Hunter Water Board (Corporatisation) Bill

House adjourned at 11.45 p.m.