

LEGISLATIVE ASSEMBLY

Tuesday 1 June 2004

Mr Speaker (The Hon. John Joseph Aquilina) took the chair at 2.15 p.m.

Mr Speaker offered the Prayer.

ASSENT TO BILLS

Assent to the following bills reported:

Botany Bay National Park (Helicopter Base Relocation) Bill
 Children (Detention Centres) Amendment Bill
 Civil Liability Amendment (Offender Damages) Bill
 Freedom of Information Amendment (Terrorism and Criminal Intelligence) Bill
 Transport Administration Amendment (New South Wales and Commonwealth Rail Agreement) Bill
 Appropriation (Budget Variations) Bill
 State Revenue Legislation Amendment Bill

ATHENS OLYMPIC GAMES

Ministerial Statement

Mr BOB CARR (Maroubra—Premier, Minister for the Arts, and Minister for Citizenship) [2.20 p.m.]: In 73 days the Olympic mantle will be handed from Sydney to Athens as the Games return to their spiritual home. As the Premier of the State whose people delivered the best-ever Olympic and Paralympic Games, I say loudly and clearly that nothing would give me greater pleasure than to see Athens take that best-ever accolade from Sydney. It would be great for the athletes, for sport, for the Greeks—to whom we owe so much—and for international co-operation. Nothing would please me more than to see Athens host the finest and safest Olympic and Paralympic Games. I encourage those tempted to gloat at what might seem to be deficiencies in the Athens preparations to remember the endless controversy about our games—about the opening ceremony, ticket sales, the marching bands, transport capacity and so on. The nay-sayers talked down the Games at every opportunity until that magic moment when the torch arrived on our doorstep.

I will share a secret with the House, providing it stays within these four walls. I once asked Michael Knight during a torrid question time addressing the supposed failures of our Olympic preparation whether there was anything that could have made so many people as unhappy as our hosting of the Olympics. He said he did not think so. Success has 1,000 fathers, and we are happy to share the great triumph of the Sydney Olympic Games. We dared not predict success as we prepared for our Olympic Games, and I do not believe that anyone expected them to go as superbly well as they did. There is no more difficult peacetime event to organise than a modern Olympics. The Athens Olympic Games involves 38 venues, transport infrastructure costing billions of dollars, and accommodation for 16,000 athletes and officials—the biggest representation ever at an Olympic Games.

The public safety effort is unprecedented in a major city. It will involve 45,000 security personnel against a backdrop of global terrorism. Our Olympic Games were held before September 11, and it has been an extra burden for the Greeks to host the Games after that catastrophic event and all that flows from it. Honourable members should remember that Greece has a population of 11 million people, half Australia's population, and about one-third of this country's gross domestic product. Therefore, hosting the games is a bold act by the Greek Government and the Greek people. However, it is a generous and ambitious act, and it is time the knocking stopped.

It is time that we, as the previous hosts, the people honoured to have hosted the Games in 2000, threw our full support behind Athens. Let us talk up the positives. Let us talk about the athletes from 202 nations, all striving to be part of the 301 medal ceremonies. Let us talk about the new heroes of the Olympic movement: the volunteers. Athens has 60,000 of them, many being trained, as it happens, by New South Wales TAFE. Let us talk about ticket sales exceeding 1.8 million: 74 per cent of all available tickets have already been sold. Let us congratulate the Greeks. The 2004 Olympic Games will be different from those of 2000, as those in turn were

different from the Games before them. But they will bring great credit to the people of the Republic of Greece. Let us leave them in no doubt about Australia's support, because we have been there before and we know what it is like. They will do superbly well.

Mr JOHN BROGDEN (Pittwater—Leader of the Opposition) [2.24 p.m.]: Last Thursday I spent some time in Campbelltown with Paul Nunnari, a young disabled Australian in a wheelchair who will travel to Greece in a few months time to proudly represent Australia in the Paralympic Games. We are pleased to extend to the people of Greece—indeed, to all athletes, officials, supporters and fans—our best wishes for the 2004 Olympics. We note the controversy that has surrounded the Greece Olympics, and the Premier's reference to some of the controversy that surrounded our Olympics. We hope that the people of Greece have the equivalent of the Millennium train within four years of their Olympics, because we are still waiting for our Millennium train. Indeed, it is worth noting that the original name for the Millennium train was the Olympian train. We are encouraged by the fact that the Greeks may have taken advice on that matter from the Premier but not from the Minister for Roads.

There are hundreds of thousands of proud Australians of Greek heritage. Whether they were born here, in Greece or elsewhere overseas, they have made Australia their home. Among them in this Chamber are the honourable member for Upper Hunter—and they cannot have him back—and the honourable member for Swansea. They can have him back at any time. We hope that Athens provides the world with the best Olympics ever. If that does not happen, and that title remains with Sydney, we will be immensely proud. But we know that the enormous co-ordinated effort the Greek Government has put in, taking heed of the great achievements in New South Wales, will ensure that the Greece Olympics provide a great tribute to the Olympic spirit. It is important to note that a number of Opposition members were members of the co-ordinating committee. That ensured a bipartisan approach to the Olympics and their great success.

Together with Australian athletes, their families, coaches, trainers and supporters, we hope that the athletes bring back a swag of medals. We hope many great stories start in the Athens Olympics for many presently unknown Australian athletes. We hope they come back with a bag of memories and with great pride, which we share with all of them, in Australia's unique standing. Indeed, for a country of our size, we punch way above our weight when it comes to sporting prowess. As Australia sends its athletes off to the Olympic Games in Athens, we wish them luck. We send them there with our best wishes and with our hopes and dreams. We hope they bring much back to us. In a world that is concerned about and burdened by terrorism, we hope that the Olympics will be seen as an opportunity for the community to celebrate what is great about the world: competition, excellence and simply having a go.

DISTINGUISHED VISITORS

Mr SPEAKER: I welcome to the public gallery Mr Terry Mills, the Northern Territory Leader of the Opposition, who is a guest of the Leader of the Opposition.

MINE ACCIDENTS

Ministerial Statement

Mr KERRY HICKEY (Cessnock—Minister for Mineral Resources) [2.28 p.m.]: On Friday 28 May three separate and tragic incidents resulted in the deaths of two young miners and serious injury to another. James Adams Jnr of Muswellbrook died in an incident at Dartbrook colliery, north of Muswellbrook. Paul Strong of Pelaw Main died in an incident at Mount Thorley open-cut mine, near Singleton. A third man was seriously injured in an incident at the Metropolitan colliery near Helensburgh. Full investigations into each of those incidents are under way, led by the Department of Mineral Resources investigations unit. On behalf of the Government, I offer my sincerest condolences to the families of both James Adams Jnr and Paul Strong, and our support to the family of the man injured at the Metropolitan colliery.

AUDITOR-GENERAL'S REPORT

Mr Speaker announced the receipt, pursuant to section 52 of the Public Finance and Audit Act 1983, of the report entitled "New South Wales Auditor-General's Report—Financial Audits—Volume Two 2004".

Ordered to be printed.

COMMITTEE ON THE INDEPENDENT COMMISSION AGAINST CORRUPTION**Report**

The Clerk announced the receipt of report 1/53 entitled "Regarding the Prevention and Investigation of Misconduct and Criminal Wrongdoing Involving Public Officials—Report of a Visit of Inspection by a Delegation of the ICAC Committee, 12-30 April 2004", dated May 2004".

LEGISLATION REVIEW COMMITTEE**Report**

The Clerk announced the receipt, pursuant to section 10 of the Legislation Review Act 1987, of the report entitled "Legislation Review Digest No 8 of 2004", dated 31 May 2004.

PETITIONS**Balgowlah North Public School**

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

Autism Spectrum Disorder

Petition requesting additional support for children affected by autism spectrum disorder in all educational settings in New South Wales government schools, received from **Mr Daryl Maguire**.

Wagga Wagga Electorate Schools Airconditioning

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

Gaming Machine Tax

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

Kosciuszko National Park Management Plan

Petition opposing the formulation of the Kosciuszko National Park management plan without community consultation, received from **Mr Ian Armstrong**.

Marriage

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

Freedom of Religion

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

Coffs Harbour Pacific Highway Bypass

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

Windsor Road Traffic Arrangements

Petitions requesting a right-turn bay on Windsor Road at Acres Road, received from **Mr Wayne Merton and Mr Michael Richardson**.

Windsor Traffic Conditions

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

Buttsworth Creek Bridge

Petition requesting funding for repairs to Buttsworth Creek Bridge to make it safe for pedestrians and cyclists, received from **Mr Steven Pringle**.

M4 East Exhaust Stacks

Petition opposing the use of unfiltered exhaust stacks in the construction of the M4 East motorway, received from **Mr Michael Richardson**.

Coffs Harbour Aeromedical Rescue Helicopter Service

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

Batemans Bay Hospital and Moruya Hospital Maternity Services

Petition requesting continuation of maternity services at Batemans Bay Hospital and Moruya Hospital, received from **Mr Andrew Constance**.

Mental Health Services

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

CountryLink Rail Services

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

Broadmeadow to Newcastle Rail Services

Petitions opposing the proposed closure of the railway line from Broadmeadow to Newcastle, received from **Mr Bryce Gaudry** and **Mr Jeff Hunter**.

State Forests

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

Bus Service 311

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

Casino to Murwillumbah Branch Rail Line

Petition requesting the extension of the Casino to Murwillumbah branch line to south-east Queensland, received from **Mr Donald Page**.

Artarmon Bus Services

Petition requesting that Sydney Buses provide public transport throughout the Artarmon area, received from **Mr Anthony Roberts**.

Homeless Services Funding

Petition requesting increased funding for homeless services, received from **Ms Clover Moore**.

Eurobodalla Shire Dam

Petition requesting that the dam in Eurobodalla shire be completed in 2009, received from **Mr Andrew Constance**.

Isolated Patients Travel and Accommodation Assistance Scheme

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

Horticultural Industry Water Restrictions Assistance

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

Water Tank Subsidy

Petition requesting that the water tank subsidy be extended to rural residents of Baulkham Hills, Hawkesbury and Hornsby local government areas, received from **Mr Steven Pringle**.

Water Carting Restrictions

Petition opposing the decision by Sydney Water Corporation to restrict the operating times for water carters and not allow Sunday cartage, received from **Mr Steven Pringle**.

Glenorie and Galston Sewerage

Petition requesting the delivery of sewerage services to the Glenorie and Galston districts, received from **Mr Steven Pringle**.

Local Government Amalgamation

Petitions opposing any forced council mergers, received from **Mr Thomas George, Mr Donald Page** and **Mr Andrew Stoner**.

Companion Animals Legislation

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

Wagga Wagga Electorate Fruit Fly Control

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

Sow Stall Ban

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

Cat and Dog Meat

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

QUESTIONS WITHOUT NOTICE

THE HONOURABLE CRAIG KNOWLES MINISTERIAL PERFORMANCE

Mr JOHN BROGDEN: My question without notice is directed to the Premier. Given that this morning he told the shires conference that we "live in an era of accountability", will he now make the Hon. Craig Knowles accountable for 23 unnecessary deaths at Camden and Campbelltown hospitals, the lies told to Mr Yakub over his wife's death, his failure to stop Gerry Gleeson and his crazy bid to spend \$23 million worth of taxpayers' funds to buy the SuperDome? Will the Premier sack him?

Mr BOB CARR: All this publicity about the leanness and fitness of the Deputy Liberal Leader produces errors of judgment.

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

Mr BOB CARR: The fact is that the hospital deaths referred to are subject to the most thorough inquiry. To suggest that a Minister was responsible for clinical decisions is absurd and wrong.

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

Mr BOB CARR: The one involvement of the former Minister for Health in these issues was the arrival in his office of whistleblower nurses. His immediate response, as I have demonstrated in this House on numerous occasions, was to trigger an inquiry, and that is documented. Within the hour he dictated a memo to his department saying, "I have received these complaints."

Mr John Brogden: He intimidated the nurses.

Mr SPEAKER: Order! The Leader of the Opposition will cease interjecting. I call the Deputy Leader of the Opposition to order.

Mr BOB CARR: He did not, and that is not their allegation. In any case, it is subject to an ICAC inquiry. That takes care of that.

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

Mr BOB CARR: The second matter is that Ministers for Health do not make clinical decisions. Ministers for Health should respond to serious complaints that are made to them.

Mr John Brogden: So who is accountable?

Mr SPEAKER: Order! It has not taken long for question time to be interrupted by members showing their lack of respect for the standing orders by interjecting. The Chair will not tolerate mindless interjections, many of which have little to do with the matter at hand. I have called a number of members to order and will not hesitate to call others to order. A number of members may find themselves out of the Chamber at the end of question time if their present behaviour continues. I have ruled on these matters previously. I will not tolerate Ministers being interrupted in the way the Premier is now being interrupted.

Mr BOB CARR: When it comes to airports, let me say that the Federal Government has not ruled out Badgerys Creek.

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

Mr BOB CARR: It clings to that option, as the Minister and I have demonstrated when we have commented about these matters in recent days.

Mr SPEAKER: Order! The Leader of the Opposition will resume his seat.

Mr BOB CARR: The braying Opposition—the louder the noise, the weaker the case. I think that the other matters raised have been perfectly canvassed in the public media and there is very little more I can say about them.

CHILD PROTECTION

Mrs BARBARA PERRY: My question without notice is addressed to the Minister for Police. What is the latest information on New South Wales' efforts to improve the protection of children?

Mr JOHN WATKINS: New South Wales has always led the nation in protecting our children from sexual crimes. Over the past few years we have passed tough new laws, lifted the policing focus on this area and organised new specialist squads, such as the Child Protection and Sex Crimes Squad. Before the last election the Government made a commitment to get even tougher—not only to toughen our world-class child protection laws but also to strengthen the way in which we manage and monitor convicted paedophiles in our community.

Mr SPEAKER: Order! The Minister will be heard in silence.

Mr JOHN WATKINS: Already this year there have been two significant announcements that strengthen our armoury against criminals who prey on children. They involve new laws to create child protection prohibition orders and a new policy governing police disclosure of information about paedophiles to third parties. Today I am pleased to advise the House that a six-month trial of multi-agency child protection watch teams will commence by September this year. The aim of these teams is to monitor and manage high-risk child sex offenders, thereby increasing child protection. The child protection watch teams will build on existing processes to regulate child sex offenders when they are released from gaol. The locally based teams will draw on the strengths of the relevant government agencies—NSW Police, the Probation and Parole Service, the Department of Community Services and the Department of Housing. They will case manage high-risk offenders and provide a better early warning system for inappropriate behaviours, associations and living arrangements.

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

Mr JOHN WATKINS: The child protection watch teams will be most effective in relation to the risks posed by serious, high-threat child sex and violent offenders. They will have at their disposal extraordinary new powers with the new child protection prohibition orders announced earlier this session. Honourable members will recall that these new powers will mean that police can apply to a court to prohibit an offender from engaging in specific behaviour, that is, behaviour that poses a risk to the safety or life of a child. Today I can inform the House that the legislation is virtually finalised, and I hope to introduce it by the end of this week.

Child protection watch teams will be both the beneficiaries and the users of these new orders. For example, police will be able to use the information collected and shared by the local agencies that make up the child protection watch teams to seek an order from the Local Court to further protect children at risk. The local team will also be able to assist police in monitoring the compliance of child sex offenders who have a child protection prohibition order placed on them. It will work both ways, and that means that our children will be safer.

As with child protection prohibition orders, we have taken our model for these new teams from the United Kingdom. There, interagency public protection panels have been established to better case manage community-based sex offenders and other potentially dangerous offenders. I am advised that in the United Kingdom they are working well, and I believe that a similar level of success can be achieved in New South Wales. The child protection watch team trial will specifically provide a forum for sharing relevant information about referred offenders. It will review and update assessments of offender risk, based on information held by participating agencies. It will develop case plans for referred offenders with agreed agency responsibilities and time frames; and review and modify case plans as appropriate.

The NSW Police database now has more than 1,500 registered convicted paedophiles, 971 of whom have served their sentence and have been released into the wider community. The Government takes very seriously the risks that convicted child sex offenders may continue to pose to children following their conviction and completion of their sentence. It has recognised that police need the laws to better monitor convicted offenders when they re-enter the community, and that those offenders also need all possible help and assistance from other government agencies with expertise to share. I look forward to reporting to the House about the results of the trial.

CASINO TO MURWILLUMBAH BUS SERVICE

Mr ANDREW STONER: My question is directed to the Premier. Why has the bus run to replace the axed Casino to Murwillumbah train been given to a Brisbane-based company instead of a New South Wales business? What chance did New South Wales bus operators have to win the tender, given that they face significantly higher rates of registration, payroll tax, workers compensation, stamp duty, land tax and compliance costs?

Mr BOB CARR: Queensland provides a subsidy on the price of petrol. I wonder how Queensland can afford to do that.

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

Mr BOB CARR: Perhaps it is because it gets from New South Wales taxpayers a total of \$700 million each and every year, courtesy of decisions made in Canberra. Jobs growth in this State is a lot stronger than it is in Queensland. During the life of this Government unemployment has been markedly lower.

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

Mr BOB CARR: The only imposts of relevance here are those put on the New South Wales economy by the injustice of the Grants Commission and its formulas as accepted by Peter Costello.

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

Mr BOB CARR: Despite that, we are the engine room of the Australian economy. All our budgets have been pro-business and pro-growth.

Mr John Brogden: Did you see in the property market paper on the weekend: property investment slump?

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

Mr BOB CARR: How sad it is for the case of the Leader of the Opposition that the property investment market is flattening. It is flattening in Queensland, by all reports and accounts.

Mr John Brogden: And in New South Wales.

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

Mr BOB CARR: Rubbish! Since he made himself shadow Treasurer, the Leader of the Opposition has become more, not less, financially illiterate. No boardroom would trust him. I welcome the fact that it was the Leader of The Nationals who asked the question.

Mr Andrew Stoner: Point of order: My point of order relates to Standing Order 138, which is relevance. The Premier is about to digress and do his little act. However, my question is clear; it is about why his Government has given a bus contract to a Brisbane-based company. Answer the question!

Mr SPEAKER: Order! I call the Leader of the Nationals to order for the second time. He will resume his seat.

Mr BOB CARR: The challenge for the Leader of The Nationals is to work out his party's policy. I note that on ABC news on 28 May he said that he is against the State Government's efforts to buy back Port Macquarie Base Hospital. I note also that in the *Port Macquarie News* in May the member of the Legislative Council for The Nationals, Melinda Pavey, said, "The public should own the hospital and the Government should buy it back." That is a direct contradiction. What is the policy of The Nationals? The Leader of The Nationals cannot tell us. He should get his house in order.

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

COUNTRY ROADS SAFETY SUMMIT

Mr STEVE WHAN: My question without notice is directed to the Minister for Roads. What is the latest information on the results of the Country Roads Safety Summit?

Mr CARL SCULLY: Mr Speaker—

Mr SPEAKER: Order! I place the honourable member for Upper Hunter on three calls to order. A number of members have been called to order, and any one of them could be removed from the Chamber if called to order again.

Mr CARL SCULLY: I thank the honourable member for Upper Hunter for attending the conference because, in a spirit of bipartisanship, I think he was genuine. The shadow Minister for Roads and the Leader of The Nationals also attended the conference. In fact, eight Coalition members attended, together with 14 Labor and 6 Independents. Indeed, approximately one-quarter of Legislative Assembly members attended. Apart from the Drug Summit and the Alcohol Abuse Summit, it is one of the few times I have seen both sides of politics sitting down and endeavouring to work together to find some solutions to a big community problem, because it is a big community problem. The fact is that a large number of young males in particular are being killed on country roads. Indeed, most of them lived within 100 kilometres of where they were killed.

Up to 31 May there were 158 deaths on country roads compared to 66 on metropolitan roads. That means there is a big problem on country roads and we need to start doing something about it. Our recommendation from the alcohol abuse summit was that we hold a country road safety summit. That took place over two days last week in Port Macquarie. A whole range of agencies—the Roads and Traffic Authority, the Motor Traffic Authority, Police, the NRMA—met with the heavy vehicle industry, academics, behavioural scientists, representatives of the Aboriginal community and members of Parliament.

I found the summit worthwhile and constructive. I visited a number of the working groups. I saw The Nationals, the Liberal Party, Independents and Labor Party members working with industry, with academics, with police and the NRMA representatives, putting constructive ideas together as part of the deliberations of the conference. The whole idea of the conference was to put aside adversarial politics and to learn, deliberate, discuss, resolve and make recommendations. About 137 recommendations have been made to the Government as a result of that summit. I undertook to the conference that I would consider each and every one of those in a measured way and that later this year the Government would respond to the summit's recommendations.

With regard to the Pacific Highway and Princes Highway, the concerning increase in the number of road fatalities is in the northern, Hunter and southern regions. The road toll has been falling in Sydney. In a sense, we are gradually winning the battle against the road toll in metropolitan areas. In the Western Division it has gone down. The concern of the country road toll is masked by the substantial reduction in the western and far western divisions of the State. It has gone up in the southern and northern regions a lot more than those figures would tend to suggest. I have heard the community's expectation that more needs to be done on the un-upgraded sections of the Pacific Highway. It will take a long time to complete the divided dual carriageway. There are still hundreds of kilometres of divided carriageway to be completed. Whether or not John Anderson or Martin Ferguson are generous enough to contribute millions of dollars out of the Federal Government's coffers, and no matter what that amount is, it will take many years for that divided dual carriageway to be completed. I will work with any Federal Minister who will give us money to complete the divided dual carriageway, and wouldn't Martin Ferguson make a good Minister for Transport?

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

Mr SCULLY: The Government has committed \$35 million to the areas of the Pacific Highway that have not yet been upgraded—the wire rope median barriers, slip lanes, overtaking lanes, extra rest areas and additional police enforcement—all things that people have been saying need to be addressed. The Pacific Highway audit is complete. We have made a commitment about what to do.

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

Mr SCULLY: That same process will now start on the Princes Highway. I thank Country Labor, its chair, the honourable member for Bathurst, and the honourable member for Blacktown, as chair of Staysafe, who gave terrific addresses to the conference, unlike the partisan performance of the Leader of The Nationals.

SALEH JAMAL GRANT OF BAIL

Mr TINK: My question without notice is to the Premier. How can the people of New South Wales have any confidence in his Government's antiterrorism preparations when his Attorney General says a person now arrested on terrorism charges should have been granted bail and the police Minister said he should never have been given bail? What is the Premier doing about bail for terrorists?

Mr Brogden: Is Eddie Obeid on bail? Eddie is on bail overseas. Where's Eddie?

Mr SPEAKER: Order! For that outburst and for the disrespect he has shown the House, I place the Leader of the Opposition on three calls to order.

Mr CARR: The terrorist the honourable member is referring to got out of Australia for one reason—

Mr Brogden: Because he is out of gaol!

Mr CARR: He was able to take a passport—

[Interruption]

Mr SPEAKER: Order! It is impossible for this House to continue to function in these circumstances. On a number of occasions I have called on the Leader of the Opposition to show some leadership. He is on the three calls to order. I ask the Deputy Serjeant-at-Arms to remove the Leader of the Opposition.

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

Mr CARR: I have been Leader of the Opposition. That was the most immature display by any Leader of the Opposition in the Parliament's history.

Mr Tink: I move:

That the honourable member for Maroubra be not further heard.

Mr CARR: In the absence of policy—

Mr Tink: I have moved:

That the honourable member for Maroubra be not further heard.

Mr CARR: You asked me a question. I am trying to answer the question.

Mr Tink: You are not answering the question. You are reducing the accountability of this House to a farce. You are leading a government which is a farce. The State Government is a farce. I have moved:

That the honourable member for Maroubra be not further heard.

Mr CARR: You are totally out of order.

Mr Tink: I have moved:

That the honourable member for Maroubra be not further heard.

The House divided.

Ayes, 30

Mr Aplin
Ms Berejikian
Mr Cansdell
Mr Constance
Mr Debnam
Mr Fraser
Mrs Hancock
Mr Hartcher
Mr Hazzard
Ms Hodgkinson
Mrs Hopwood

Mr Humpherson
Mr Kerr
Mr Merton
Mr O'Farrell
Mr Page
Mr Piccoli
Mr Pringle
Mr Richardson
Mr Roberts
Ms Seaton
Mrs Skinner

Mr Slack-Smith
Mr Souris
Mr Stoner
Mr Tink
Mr J. H. Turner
Mr R. W. Turner

Tellers,
Mr George
Mr Maguire

Noes, 59

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

Pair

Mr Armstrong

Ms Saliba

Question resolved in the negative.

Mr BOB CARR: One wonders what that was all about, if not to leave Barry O'Farrell in the leadership of the Opposition benches. His tactics were, "We will start the schoolboyish braying and stage a walkout. Only I will stay behind." It is a long time since someone looked more like a leader on that side of the House: the new power tie, trim and fit, tight, taut, terrific, good cardio capacity—and the beard is gone. We checked the files and here is what he said five years ago, "When I lose weight and the beard then you know I am after the Liberal leadership." He has left the House. Bye-bye, Barry. He got the message. This subtle undermining of his leader has been going on for some time. Two weeks ago the Leader of the Opposition lashed out by forcing his deputy to stand behind him at a press conference and then remarking—condescendingly and appallingly—that he was fading away to a shadow. That was ritual humiliation, and no deputy should be forced to suffer it. The deputy leader is on the record as saying that when he loses weight and the beard comes off, everyone will know he is running for the Liberal Party leadership. It's on! We have a hint of what will happen after 2007.

The Independents have taken advantage of the Coalition walk-out to occupy the Opposition front benches. One does not often get a chance to pick one's opponents, but I am glad I am not facing the mob opposite. I was once the Leader of the Opposition, and I can say that that was the most immature school-boyish performance from a Leader of the Opposition this House has ever witnessed. It brings the Parliament into disrepute. Honourable members opposite were braying and shouting because they did not have a case. It is as simple as that.

The honourable member's question raises a serious matter. Saleh Jamal was able to leave the country because of a breach of border security. He obtained someone else's passport, removed the owner's photograph, inserted his own photograph, and walked through the immigration checkpoint. I am not highlighting this as an indictment of the Federal Government, because we must all work harder to improve our terrorism preparedness. The Coalition should not try to make a political issue out of this when the Federal Government is entirely to blame for Jamal being able to leave Australia. Jamal left the country before the State's much-publicised tightening of the bail laws. The judgment was not handed down by an inexperienced magistrate; the presiding judge on 2 August 2001 was the Chief Judge of the District Court, Judge Blanch, who had previously refused bail for two years but reluctantly agreed to release the accused on extremely strict bail conditions.

The two-year period without trial apparently became an issue. It is interesting that the Prime Minister is making representations to no less a person than the United States President about two Australian suspects who have been held at Guantanamo Bay for two years without trial. It is the same principle. It takes a lot to get the

Prime Minister to be critical of the United States administration, but he has been on this occasion. This is a legal principle relating to people being held for two to three years without trial. The judge said this case had exceptional features and several matters relating to the co-accused were yet to be resolved by the court. A nine-page judgment had also been handed down by the District Court. I am advised that the accused is about to face court in Lebanon and that NSW Police and Federal authorities will monitor the proceedings and take appropriate action.

Meanwhile, the Government has moved on a number of fronts to tighten the bail law, including reversing the presumption of bail in respect of a number of serious offences. That is the reason the State's remand population is about 2,000 inmates compared with about 800 inmates five years ago. That huge increase reflects the tightening of the bail provisions and a tougher position being taken by the courts. On 13 May the Government announced a further reform of the bail law to create a presumption against bail for persons charged with Commonwealth terrorism offences. I understand that Saleh Jamal was in gaol accused of shooting at the Lakemba police station.

Mr Bob Debus: We should be very careful what we say about this.

Mr BOB CARR: I will be. A complete review of the Bail Act is under way and a draft exposure bill will be released later this year. I thank the honourable member for his question.

PORT MACQUARIE BASE HOSPITAL

Mr ROBERT OAKESHOTT: I direct my question to the Minister for Health. When will the Minister commit to visiting Port Macquarie to open dialogue and build bridges with the medical staff council and the community, given the fear about the future provision of health care on the mid North Coast due to legal proceedings between the State Government and the private company operating the Port Macquarie Base Hospital?

Mr MORRIS IEMMA: The honourable member has brought Dr Begbie to see me I think twice, at least once, and dialogue continues. The latest dialogue has been via written communication. There is no dialogue between the Government and the hospital management because we are in dispute. I will visit the area once the dispute is settled. To visit the hospital and engage in any discussion at this time would not be appropriate, because the matter is the subject of legal proceedings. Once the dispute is resolved I will make it a priority to visit the area and meet with the management, the staff council, and anyone else the local member wishes me to see.

The State Government is in dispute about the alleged sale or transfer of the operations of Port Macquarie Base Hospital from the Mayne Group to a new group called Affinity Healthcare. The dispute stems from the fact that the matter has not progressed through the normal discussions that take place. The Government is exercising its right under the contractual arrangements that govern the hospital to obtain information and ensure that the State's rights are being preserved. Lack of progress on those matters has regrettably led to court action. I would have preferred to resolve the issue without the need for legal proceedings.

I will visit the hospital and meet with the medical staff council, and I am more than happy to have further meetings with Dr Begbie once the matter is resolved. However, I will not rubber stamp an arrangement between the Mayne Group and Affinity Healthcare without every aspect of it being scrutinised. The taxpayers have previously been duded twice in respect of the Port Macquarie Base Hospital operating arrangements. The Nationals sold out their constituents. The land on which the hospital stands was owned by the council and was transferred to the State Government and sold to the Mayne Group for a peppercorn sum. The contract runs for 20 years and the hospital cost \$52 million to construct. The State has been saddled with an availability charge—that is, a charge for the availability of the bricks and mortar—of \$9 million to \$10 million a year. That means the State is paying the interest and the capital. Taxpayers must pay \$144 million over the 20-year contract for a building that cost \$52 million.

The third part of the deal is what is called a service availability charge, whereby certain services are made available to the public sector for public patients in Port Macquarie. That contract is worth \$47 million a year. An amount of \$144 million, comprising interest and capital, has to be paid back on a building that cost \$52 million! The contract expires in 10 years, and what do taxpayers get at its expiration? Normal public-private deals involve signing a long lease arrangement in return for acquiring an asset. When this contract expires in 10 years time, the taxpayers will get nothing—not the land, not the building, not a bed, not a pillow, not a bed sheet!

This is one of the worst deals that taxpayers have been lumbered with. It is little wonder that when the Auditor-General went through this deal in 1996 he said, "The hospital was given away and taxpayers are paying for it twice." The reason I will not approve the transfer from Mayne to Affinity Healthcare is that I want our expert legal advisers and the Treasury financial experts to go through this deal line by line to ensure we are not being stitched up again. The National party stitched up the taxpayers of this State more than a decade ago, and I will make sure they do not get stitched up a third time.

FEDERAL GOVERNMENT HEALTH FUNDING

Ms ALISON MEGARRITY: My question without notice is addressed to the Minister for Health. What is the Government's response to Commonwealth cuts to public health funding in New South Wales, particularly for family planning and breast cancer screening?

Mr MORRIS IEMMA: In 2001 more than 4,000 women in New South Wales received the news that they had breast cancer. That same year, breast cancer killed 862 women. One in 10 women in New South Wales will develop breast cancer by the time they turn 75. It is a matter of record that one of our best weapons against breast cancer is early detection; it provides crucial early warning to women that abnormalities in the breast may indicate the presence of cancer. It can also lead to early intervention, which can increase the chances of successful therapy.

Last week I received the disturbing news that the Commonwealth Government has decided to cut funding for breast screening programs and other public health prevention programs. It is the third raid that John Howard and Peter Costello have made on the New South Wales public health budget in just eight months. Coming on top of the \$300 million cut inflicted by the Commonwealth on public hospital funding in September last year, and the \$105 million Commonwealth shortfall to pay for wage increases for health care professionals, this is the Commonwealth's cruellest cut of all.

An amount of \$13 million has been cut from the heart of some of our most important public health programs. The cut will place at risk screening programs for breast and cervical cancer, HIV-AIDS programs, drug education programs, and family planning projects. The decision is a result of the Federal Government's latest public health outcomes funding offer, which is an agreement between the State governments and the Commonwealth on funding public health prevention and education programs in family planning, drug education, cancer and HIV-AIDS.

The five-year agreement, which is similar to the agreement on hospitals, is designed to pay for vital community and public health programs that deliver crucial outcomes, such as screening women for breast and cervical cancer. We know that as the population grows our demand for health services grows. But the Federal Government refuses to acknowledge this growth in the demand for health services. So it inflicts cuts on the States and asks the States to meet an increasing proportion of the demand for health services, without any corresponding Commonwealth responsibility.

The Commonwealth has a massive budget surplus, yet it continues to inflict on the States funding cuts for hospital services, the salaries of health care professionals, and, in the latest raid, public health programs. In the context of a \$2.5 billion surplus, the Commonwealth's decision to take another \$13 million out of public health programs such as breast screening is the cruellest cut of all. The consequences of the Commonwealth's funding cuts will be as follows. BreastScreen Australia will receive \$4 million less to conduct breast screening, which will mean that over the next five years more than 40,000 women will miss out on breast cancer screening. BreastScreen NSW detects 42 cancers for every 10,000 screens it conducts. If the Commonwealth goes ahead with its funding cuts, 168 fewer cancers will be detected. That means that 168 lives will be put at risk. These are front-line prevention programs that save lives.

BreastScreen NSW has advised that a funding cut of this magnitude could mean that women who fall outside the target age groups will have to wait up to six months for a breast cancer screening. This means that more cancers will go undetected and, therefore, more lives will be put at risk. The national benchmark standard for breast cancer screening dictates that 70 per cent of the target population should be screened every two years. Cutting funding for breast screening in New South Wales will make that target impossible to reach.

The funding cuts apply not just to breast cancer screening. Funding for HIV-AIDS programs has been reduced by \$4 million, which could mean the end of free screening services for HIV and other sexually transmitted diseases. Family planning programs can expect a \$1.5 million funding cut. This will jeopardise

family planning services in Dubbo and Fairfield that provide crucial services to indigenous communities and people from non-English-speaking backgrounds.

The Commonwealth's approach on this public health funding agreement is exactly the same as the approach it took on our hospital funding agreement last year. It said to the States, "Here is the offer; take it or leave it." With a gun to the head of the States the Commonwealth said, "Sign by the end of June or else." The Commonwealth now says to the States, "Here is the offer, a \$13 million cut. No negotiation; no discussion. By the way, sign by the end of June or there will be nothing at all." Yet again the States have a gun held to their head in another so-called agreement between the Commonwealth and the States. The Commonwealth simply presents to the States a set of figures as a fait accompli and then says, "Sign up or else."

PREMIER'S DEBATING CHALLENGE

Mr PETER BLACK: My question without notice is directed to the Minister for Education and Training. What is the latest information about schools participating in the Premier's debating challenge?

Dr ANDREW REFSHAUGE: The Premier's debating cup is an initiative that was started because the Federation of Parents and Citizens Associations of New South Wales came to the Government and said, "We want a debating competition that does not mirror so many of the others—which is a knockout competition so therefore only a few get through to debate—we want one that is broad-based and gets as many children involved as possible." We said, "That is a great idea." We put \$100,000 into it. The parents and citizens associations are now managing it and doing a great job. Sharryn Brownlee, President of the Parents and Citizens Federation of New South Wales, is present in the gallery today.

The first debates will start this month. There are four different levels: the primary level for years 5 and 6, the junior level for years 7 and 8, the intermediate level for years 9 and 10, and the senior level for years 11 and 12. Debates will take place all this winter term throughout the State, and everybody will have a chance. It will not be a case of schools having just one chance, and seeing whether they win or lose. The competition will be more of a round robin. It will be a great example of what public schools can do. Already, more than 100 schools want to be involved in this initiative. In fact, Bourke Primary School wrote to us saying that this is the first time it has ever been involved in a debate. The Premier's debating cup prompted the school to enter.

Gosford High School has demonstrated that more than one team per school can enter—it has at least two teams in every division. The head teacher of English at the school has written to us saying that it is great to be able to have more than one team because students who might have been interested but not as good as those who have been practising can have a go as well. The Deputy Principal of Strathfield North Public School wrote to us saying that the competition allows all children who have an interest in debating but who have never done it before to get up and have a go. Standing up and talking in front of others is difficult. It is quite challenging. We all know what it is like when starting out. It is nice to have some other people to debate against—

Ms Sandra Nori: Isn't it nice to have a quiet Chamber?

Dr ANDREW REFSHAUGE: It is nice to have a quiet Chamber to debate in. It is important to give those children a go, to get them to organise their thoughts to argue a case, to do research, to develop a theme and to develop debating skills. We have had to get some extra adjudicators. About 200 adjudicators have now been trained. There were originally about 80 adjudicators, but we have brought some extras in and trained them. It is going to be a great competition. I am sure the Premier will be very proud, with Sharryn Brownlee, to present the winners with the Premier's cup for debating.

SERVICES SYDNEY PTY LTD SEWAGE AND WATER TREATMENT

Mr DAVID BARR: My question without notice is directed to the Minister for Energy and Utilities. Given the crisis Sydney is facing in its water supply, what is the Government's position on the proposal by Services Sydney Pty Ltd to sewer mine Sydney Water's sewerage system?

Mr FRANK SARTOR: That is a good question. For the record, the House needs to be aware that the Independent Pricing and Regulatory Tribunal has ruled that access to the Sydney Water system will be available to any competitor free of charge, and that the Government has absolutely no issue with providing access to the Sydney Water system for anyone who wishes to compete in the Sydney Water market. Sydney Water's operating licence contains a non-exclusive clause that ensures that third parties are not prohibited from providing services that are similar to or the same as those provided by Sydney Water.

Services Sydney has gone to the National Competition Council to seek its concurrence in relation to providing access to the Sydney Water system. The commission has a scheme that involves a huge project of sewer mining—I will not go through all the details. There are issues about how that would work and there have been some discussions with the Government. I have sought a financial feasibility proposal that would stand the scrutiny of our financial people in particular, which is the issue I am most concerned about. If the National Competition Council approves this access regime the Premier would also have to approve it, and if that happens we are still back where we were. We would provide access if a proposal came forward that was in the strategic interests of Sydney in terms of sewer mining and water supply, and if, at the same time, that proposal did not cause a burden on taxpayers or households in relation to the cost of water and sewerage services. We stand ready to talk. However, we would prefer to see specific proposals that are feasible for the city. Whether the National Competition Council approves it or not, access is available if the proposal is feasible and if it is worthwhile pursuing.

SYDNEY WATER RESTRICTIONS

Mr ALLAN SHEARAN: My question without notice is directed to the Minister for Energy and Utilities. What is the Government's response to a meeting yesterday about Sydney managing water usage?

Mr FRANK SARTOR: We are in the grip of one of the worst droughts in the past 100 years. As from midnight last night the people of Sydney, the Blue Mountains and the Illawarra are subject to level two water restrictions. It is a difficult challenge for the people of Sydney. However, the people have responded very well. Since the mandatory water restrictions came in on 1 October 2003 the people of Sydney have saved well over 10 per cent of total water. Interestingly, if some of the members opposite had been a bit more mature they could have been present in the Chamber to hear some of the news from their constituencies. We have talked previously about some areas using more water than others—for example, Ku-ring-gai. The good news is that, despite the Coalition's opposition to the water restrictions, people in their electorates are responding terrifically.

In Ku-ring-gai 30,500 residential properties have dropped their water consumption by 43 per cent. In Baulkham Hills and Hornsby they have dropped their water consumption by 41 per cent. Hawkesbury, Wollondilly, Penrith, Camden, North Sydney, Pittwater, Randwick, Warringah, Willoughby and Woollahra have dropped their water consumption by 30 per cent. However, Woollahra still tops the pops in total water consumption. The people of Sydney have responded terrifically to the challenge of water conservation. Yesterday I convened a summit with mayors from the 45 councils covering the Sydney Water area and they have responded very well. Sydney councils use more than 9 billion litres of water every year. Their involvement in water conservation is absolutely critical. A representative of the Department of Infrastructure, Planning and Natural Resources [DIPNR] explained the basic proposal that had been put forward by the Minister, and it went over very well with the local councils. The Minister and his department should be congratulated on a terrific package that will save 40 per cent of water.

Local councils have been asked to consider a range of options to reduce their water consumption and to promote water conservation in the community. We have asked them to look at conducting water efficiency audits using recycled water for watering outdoor playing fields—in the next few years there will be separate pricings for large-scale outdoor water use—installing rainwater tanks in council buildings, collecting and reusing stormwater, replacing wasteful cyclical flushing systems in public urinals and installing more water efficient parks and gardens. We have also asked councils to help us promote the residential retrofit program. All honourable members should take heed of this issue: 225,00 people have had a retrofit carried out in their houses. A retrofit saves 7 per cent of water, it is subsidised by more than \$100 by Sydney Water and it costs only \$22. It is the quickest way to conserve water. It conserves a lot of indoor water use, not just outdoor water use. We want the other 1.2 million households to also sign up to this program. I have asked councils to consider waiving development application fees for rainwater tanks and to assist further with enforcement.

I have some good news. I give my congratulations to Penrith council, which had a 56 per cent saving in water. It leads the pack. Parramatta council recently introduced a system of reusing water from the Telstra tunnels and other underground tunnels for its parks. Kogarah council is subsidising rainwater tanks in schools to make them feasible in that area. The councils have responded very well. I have also asked them to sign up more businesses under the Every Drop Counts Scheme because we can get a lot more gains. We need local government to be involved. I will be writing to all mayors—the Lord Mayor of Sydney might want to hear this—asking them to provide me with their action plan for reducing water consumption over the next three years.

Questions without notice concluded.

BUSINESS OF THE HOUSE**Privilege: Notice of Motion**

Mr ANDREW FRASER: I seek to raise a matter of privilege under Standing Order 101.

Mr SPEAKER: Order! I have sought advice from the Clerk. Because the time for giving notices of motions has passed, the honourable member for Coffs Harbour must seek the leave of the House to give notice of a motion in relation to privilege. Does the honourable member seek leave?

Mr ANDREW FRASER: I do seek leave.

Leave not granted.

CONSIDERATION OF URGENT MOTIONS**Bank Fees and Charges**

Mr PAUL McLEAY (Heathcote) [3.50 p.m.]: This matter is urgent because every day New South Wales families and businesses incur more and more bank fees and charges. In fact, Australians pay a staggering \$5,700 a minute in bank fees. It is crucial because the hands-off approach of the Howard-Costello Government has failed to restrain bank fees. My motion is urgent because in this election year the Australian people have a choice—a Latham-led government, which will do something about spiralling fees, or a de facto Costello Coalition government, which has allowed bank fees to double. It is now time for the Federal Coalition to do something about this reckless charging and to adopt Federal Labor's policy to discipline banks in relation to their fees and charges.

Casino to Murwillumbah Bus Service

Mr THOMAS GEORGE (Lismore) [3.51 p.m.]: My motion is urgent because the State Labor Government has discriminated against the people of the Northern Rivers by discontinuing their train service. New South Wales bus companies have been discriminated against because the Carr Labor Government gave the tender for the replacement bus service to Queensland operators. Earlier this afternoon the Premier stated in this House that Queensland businesses can get a start on our people. That is wrong. My motion is urgent because businesses in this State do not have a level playing field when competing against their counterparts in Queensland. My motion is urgent because the Carr Labor Government has demonstrated a blatant disregard for businesses and communities in northern New South Wales by giving a Brisbane bus company the interim bus contract, which will replace the axed Casino to Murwillumbah train.

Only weeks after axing that service, Sydney Labor added insult to injury by not allowing New South Wales bus companies the opportunity to tender for the work. New South Wales bus companies that bid for tenders are at a distinct disadvantage because the State Government imposes significantly higher payroll tax, workers compensation premiums, stamp duty, land tax, and other government taxes and charges. My motion is urgent because only weeks after breaking its promise to the Northern Rivers communities that the Casino to Murwillumbah rail service would remain open until at least the end of this year, the Carr Labor Government has dealt them a double blow by automatically awarding the contract for the replacement bus service to a Brisbane-based company. Local bus operators were overlooked in the process and the community has a right to know why. Not only has Sydney Labor removed the CountryLink rail service and associated jobs, it has failed to give North Coast bus companies the chance to compete for the interim bus service.

The Carr Labor Government seems intent on ripping jobs and opportunities out of country and regional New South Wales. This Queensland bus company is the only beneficiary of the Carr Government's decision to scrap the Casino to Murwillumbah XPT service. The anti-country decisions and policies of the Carr Labor Government are flowing at a rapid rate. The granting of the interim work to the Queensland bus company is confirmation that the New South Wales Government's high-taxing regime is making New South Wales businesses uncompetitive. Sydney Labor is hurting businesses in country and regional New South Wales with its oppressive tax regime. One North Coast bus operator said to me:

Due to the Carr Government's extreme grab for taxes we have found it totally uncompetitive with our Queensland counterparts. We find it extremely hard to compete with Queensland operators who have lesser stamp duty, cheaper fuel, cheaper insurance, workers compensation, cheaper payroll tax and the list goes on.

My motion is urgent because the Carr Labor Government's taxes on bus and coach operators are as extensive as they are onerous. In addition to the general business taxes, the Carr Labor Government imposes an annual bridge levy for buses, tourist vehicles and coaches of \$110 per vehicle per annum. The Queensland Government imposes no such levy. My motion is urgent because the Carr Labor Government charges \$126 for a five-year bus driver's licence, whereas in Queensland the cost is \$60.75—less than half. Put simply, the Carr Labor Government is failing to provide a level playing field for businesses in New South Wales.

The Treasurer, Michael Egan, complains that New South Wales is financially subsidising the other States, such as Queensland, yet his Government's mismanagement has seen CountryLink do the same. North Coast bus and coach operators are concerned about the lack of consultation in the tendering process and there is little information publicly available regarding that process. My motion is urgent because some of the new coach services operate in direct competition to existing services provided by New South Wales operators. This has the potential to reduce the viability of operators in New South Wales. My motion is urgent because this Sydney Labor Government has already inflicted enough damage on North Coast communities in relation to CountryLink. People in the Northern Rivers area have had enough. They cannot compete on a level playing field with Queensland bus operators. [*Time expired.*]

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

BANK FEES AND CHARGES

Urgent Motion

Mr PAUL McLEAY (Heathcote) [3.56 p.m.]: I move:

That this House:

- (1) notes a recent Reserve Bank of Australia study that shows banks earned \$8.7 billion from increased credit card fees and other charges a year; and
- (2) calls on the Federal Treasurer to intervene in the setting of bank fees and charges.

If anyone has any doubts about how the banks accumulated their extraordinary profits they need go no further than the most recent report of the Reserve Bank of Australia, the 20 May *Reserve Bank Bulletin*, which illustrates the complete failure of the Howard-Costello Government to protect families and small businesses from soaring bank fee increases. In 2003 banks collected from consumers and businesses an outrageous \$8.7 billion in bank fees, an increase of 12 per cent over the previous year. Every day banks collected more than \$23 million in fees alone. In 2003 households paid \$3 billion in fees, an increase of 15 per cent over the previous year. That equates to average bank fees of \$400 per household. Over the same period inflation averaged 2.6 per cent per annum whereas bank fees increased 15 per cent.

The biggest rise this year came from a 38 per cent surge in credit card fee revenue as the banks blatantly clawed back revenue from the Reserve Bank of Australia reforms to remove the interchange fee. These changes were meant to benefit consumers and businesses but instead the major banks clawed back 38 per cent. Credit card fees are now \$604 million, an average increase of 29 per cent per annum over the past five years. These fees come on top of credit card interest rates, which average 16.45 per cent. The Federal Coalition Government has also allowed banks to gouge an ever-increasing amount in fees on transaction services from Australian consumers. For example, in 1995 the average monthly account-keeping fee was \$2, whereas in 2003 that figure had increased to \$5.25—a staggering 162 per cent increase. Counter withdrawals were previously \$1 per transaction, but that figure has risen to \$2.50—a 150 per cent increase. These imposts are affecting small business.

Many businesses in my electorate are affected by the interchange fee removal and the increase in merchant fees. Indeed, how can businesses such as Engadine's Dance Network or Diann Darling Jewellers of Engadine cope with that? Engadine Florist, which has the most reasonably priced and beautiful flowers in the whole of the Sutherland shire, must increase its prices. The price of flowers is fixed because the market determines the rate, but the banks are setting their own fees and charges on top at an uncontrollable rate to merchants. We also have great services such as Vision Printing, and our good friend Steve Mullaley from Sportzone, which is one of Engadine's favourites, services mainly young families and kids with sporting goods. Those businesses have increased prices to their consumers because of the change in interchange fees and increased bank fees. As I said, bank fees have gone up 38 per cent this year. Ben Maiorana at Knockout Shoes

has told me about the impact the merchant fees are having on him. He cannot increase his prices because the market demand will not tolerate it, but he has been slugged with increased bank fees.

The Federal Treasurer, Peter Costello, is tiring of his job. He wants to be Prime Minister but he should be brought to account for his record as Treasurer with regard to bank fees. . He has allowed bank profits to double since the Federal Coalition Government came to office in 1996. On the other side of the coin, Labor has consistently stated that regulatory intervention is required where the market forces are demonstrably incapable of keeping fees in check. A Federal Labor government would direct the Australian Competition and Consumer Commission [ACCC] to monitor bank fees and charges to provide some discipline for the banks. The ACCC can use its powers to monitor fees for the benefit of consumers. Before the Reserve Bank of Australia issued its bulletin, the ALP issued a news statement on 6 May in which it discussed Westpac's announcement of yet another record interim profit of \$1.225 billion. The ALP called on the Treasurer to act to restrain the fee-gouging practices of the major banks. The news statement stated:

Westpac's profit is once again built on the back of a record result in retail banking.

Today's report also makes clear that Westpac intends to claw back from consumers all the revenue lost as a result of the Reserve Banks' credit card reforms which cut interchange fees. Westpac stated that the reduction in interchange revenue will "be largely mitigated by increased fee revenues from other retail products, mainly due to a fee repricing program implemented in mid-2003".

Westpac's credit card claw back once again demonstrates the need for ACCC scrutiny to protect consumers.

Last year Westpac announced fee hikes on a wide range of banking products including:

- Annual fees on 'Altitude' credit cards up 53% to \$75
- Overdrawn account fees up 20% to \$30
- Periodical payment not made, fees up 60% to \$40
- Non-Westpac ATM fees up 20% to \$1.50

According to RBA data, bank fees on households have increased by 122 per cent to over \$2.7 billion since John Howard was elected.

The free market is simply not restraining bank fees.

A Labor Government would formally direct the ACCC to monitor bank fees and charges.

While we have this strong view by Labor and overwhelming evidence from the banks and society, we hear nothing from Costello. Last year the Federal Treasurer argued that reforms to credit card interchange fees pointed to government action on banks. Federal Labor supported the move but with a caveat to ensure that banks do not use removal of the interchange fee as a cover to slug customers with further and unjustified bank fees. The actions of the major banks in this area need to be monitored on an ongoing basis. The Federal Treasurer has consistently refused to refer bank fees to the ACCC. He continues to support the big end of town and dismisses these real concerns by telling consumers that they should simply shop around.

The fact that banks have been able to raise fees, and significantly raise bank revenue, without losing customers suggests that there is a lack of competition in the market for retail transaction accounts. A *Choice* magazine bank satisfaction survey showed 67 per cent of respondents naming bank fees and charges as their worst gripe against the banks. Yet only 22 per cent had changed institutions in the past five years and more than 50 per cent of respondents had had their accounts at the same institution for 11 or more years. Consumers feel that there is no point going to another financial institution because, as they often say, all the banks are the same. These comments clearly show that changing banks is not as simple as the Federal Treasurer thinks. There are real issues for families that are already grappling with record amounts of household debt. We saw a disturbing report on *Four Corners* last week that showed the pressure of household debt on struggling families. I note the comments of the Australian Consumer Association's policy officer, Catherine Walthuizen, in the *Daily Telegraph* on 21 May:

This is completely unjustifiable. The Government needs to give the ACCC the power to investigate these fees.

I can already predict the Opposition's justification for these exorbitant fees. Members opposite will bleat about the fact that consumers have had a good deal with lower than expected interest rates, which are primarily due to global economic conditions. However, as we all know, interest rates are going up and absolutely nothing justifies these fees, given the multi billion dollar profits enjoyed by the banks at the expense of their loyal customers. The editorial in the *Herald Sun* of 21 May stated:

We have sadly become used to the grossly bloated profits of our major banks and their insatiable desire to squeeze customers for their last cent.

The fact remains that while fees have soared the level of bank service is at its lowest ever. Many customers no longer have a local branch, are forced to do their banking electronically and if they have a query that needs to be answered by a human being they are often shunted off to a call centre on the Indian sub-continent.

The editorial concluded:

We cannot expect the banks to curb their greed but it is time the Federal Government did more to save the community from this blatant rip-off.

I call on my honourable colleagues sitting opposite to support this motion and to end the banks' fee bonanza.

Ms KATRINA HODGKINSON (Burrinjuck) [4.06 p.m.]: The motion moved by the honourable member for Heathcote is yet another motion pertaining to the Federal Government but it is being debated in this place, which is a State Parliament. It never ceases to amaze me that every time the Opposition wants to debate a motion on a State-related issue, members opposite come along with a motion that they claim is urgent and that is best debated in the Federal Parliament. I note that the young union war horse, Stephen Conroy—he or one of his staff probably wrote the honourable member's speech—has had a bit to say about this matter. No doubt consumers are concerned about credit card spending and racking up a large amount of debt on credit cards. No doubt many consumers are getting credit cards too easily and are racking up a lot of debt.

I do not think there would be one member in this place who does not know of a family that is accumulating interest payments of \$100 a month. We would all have constituents in that basket, and it does not give me any pleasure as a member of this Parliament to have to speak with people in such a financial situation, particularly when they rely on social security and when, through one means or another, have secured a credit card without understanding proper household budgeting and needs. Perhaps people are not as affluent as they might wish to be but they do not understand the importance of delaying gratification and setting aside a certain sum of money each week or each month until they can afford to purchase the goods they want. When people have a credit card in their pocket it is easy for them to think, "I have \$2,000 on this credit card. I'll spend that money and worry about paying it back later." Perhaps people do not think about paying back the money or the interest that accumulates on the way. It is a significant issue.

It is important that we note one or two matters in relation to this debate. According to the register of pecuniary interests the member who moved the motion, the honourable member for Heathcote, is a director of St George Credit Union. He might have a conflict of interest. He does not refer to credit unions in his motion, which seems to be a bank-bashing exercise. He should look closely at his affiliations before moving motions such as the one he has moved today. He may be better off leaving it to the Minister for Fair Trading. Other members of the Government, as well as the honourable member for Heathcote, have bank shares. The honourable member for Wentworthville has shares in AMP and the Commonwealth Bank. The honourable member for Peats has shares in the Commonwealth Bank and AMP. The Minister for Regional Development has shares in the Commonwealth Bank. The honourable member for Newcastle—

Mr John Watkins: Point of order: I would think that this is not relevant to the debate.

Mr DEPUTY-SPEAKER: Order! I uphold the point of order. The honourable member for Burrinjuck will return to the substance of the debate.

Ms KATRINA HODGKINSON: This debate is about bank fees and banking. It is important that the people of New South Wales understand that Government members in this place—

Mr John Watkins: Point of order: The honourable member is canvassing your ruling.

Mr DEPUTY-SPEAKER: Order! The Minister is correct. The honourable member will return to the subject matter of the debate.

Ms KATRINA HODGKINSON: The debate is about the setting of bank fees and charges. An additional eight members on the other side of the House—that is 15 Government members altogether—have shares in the banking industry. If they feel so strongly about this, perhaps they should get rid of their shares altogether. However, I digress. The Commonwealth Government gave the Reserve Bank of Australia [RBA] legislative powers to reform the payment system because of its concern that bank fees were too high and that

barriers to entry were stifling competition. The 2002 RBA report, which was mentioned in the motion, contained seven main findings. Those findings were highlighted to me by the Australian Bankers Association [ABA] in its media release of 20 May this year, which stated:

... the main findings of the RBA report are:

1. Growth in fee revenue (12 per cent) increased marginally from the growth in 2002 of 10 per cent;
2. This growth in fee revenue was roughly in line with growth in domestic balance sheet assets, with the result that the ratio of fee income to average assets remained broadly unchanged from its 2002 level;
3. Fees from households accounted for just over one-third of total fees collected and growth in fee revenue was driven mainly by credit cards—

As we have already discussed—

deposit accounts and housing loans;

4. Fees collected are only partially offsetting the benefit of lower interest margins, for example, the ABA estimates that the net annual benefit to households is in the order of \$8 billion;
5. For those customers that don't benefit from interest rate margin declines, most banks now have guaranteed low-cost or fee-free access to the payments system. This is an important safety net for Australian bank customers;
6. Deposit account fees for households were largely unchanged between 2002 and 2003, with a price reduction for using telephone banking and a five cent increase on average in the cost of using a foreign bank ATM;
7. Transaction account fees for business declined overall between 2002 and 2003, with a price reduction of using telephone banking, Internet banking and periodical payments but there was a five cent increase on average on a cheque withdrawal.

I note that David Bell, the chief executive of the ABA, said that households were paying less for banking products today than they were a decade ago. Banking is cheaper than it was a decade ago. Although households may be paying more fees for some products like transaction accounts, they are getting larger savings from the decline in interest margins. The ABA estimates that after taking all banking products into account households are better off by about \$8 billion a year. I am not saying that consumers are not affected by credit cards and interest rates; they are. We all know families who have struck it tough. They might not have understood when they first took out a credit card that it had an interest-free period for the first six months and the interest rate might then jump up to 18 per cent. More transparency is needed to make sure that people understand their obligations in relation to credit card interest.

The RBA reforms are largely directed to fees paid by businesses when accepting credit card payments, as the honourable member for Heathcote mentioned, and the impact on general prices. Credit card holders, mostly those involved in generous reward programs, were formerly subsidised by the general public. The reforms introduced by the Treasurer have ensured that the high cost of such benefits is borne by those who use them. There are some low-frills cards about at the moment. They have relatively low interest rates—much lower than other cards—and there is a choice in New South Wales and Australia as to whether to use a high-interest card or a low-interest card. I recently changed to a lower interest credit card, and it was not terribly difficult.

Although the reforms are yet to achieve their full impact, recent data suggests that credit card fees are falling following the implementation of the reforms. For example, some of Australia's major banks have reported reductions in their merchant service fees of around \$20 million to \$35 million in their recent half-yearly results. That represents real savings to Australian businesses, including those many small businesses that accept credit card payments. The RBA has indicated that it will continue to monitor the level of fees and competition in the payments system, and that it is able to take action should further improvements be justified.

The Federal Government is continuing its work in increasing competition in the financial services sector. Where there is evidence of anticompetitive practices, banking institutions or organisations should beware. The Australian Competition and Consumer Commission is already monitoring bank fees and charges and is examining other aspects of the payment systems reforms. That will be of great interest to the honourable member for Bathurst, the honourable member for Menai, the honourable member for Wallsend, the honourable member for Penrith, the honourable member for Maitland, the Deputy Premier and the honourable member for Granville, who are the other Labor members who have shares in banking institutions. It is extraordinary that those reforms were in place at the end of last year. The report we are discussing today was for the previous financial year. [*Time expired.*]

Mr PETER BLACK (Murray-Darling) [4.16 p.m.]: I am more than pleased to support my city Labor colleague in this debate. I do so principally because of the failure of The Nationals to represent country people on the issue. The honourable member for Burrinjuck asked why we are raising this matter in this House. She says it is a Federal, not a State, issue. Bearing in mind that at the present time people in the bush are the hardest hit financially and are finding it hard to pay off their credit cards—for the simple reason that there is a drought—the silence of bully-boy John Cobb is deafening. He has failed massively to represent both his people and my people with respect to exceptional circumstances funding. Today I will call him Tony Abbott without the grunt. That is all he is good for. In debate in this Chamber on 25 February last, reference was made to the fact that many bank branches in the bush have closed. Between 1990 and 1999 more than 1,100 bank branches closed. In the past decade 750 have closed. The honourable member for Burrinjuck says the Government is just bank bashing. She should listen to the song we sing on this side of the House:

When the banks are made of marble,
With a guard on every door,
And the vaults are stuffed with silver,
That the workers sweated for.

As the song says, "That the workers sweated for," not those opposite. The workers are sweating again. As the honourable member who moved the motion said, bank fees on households have increased by 122 per cent to more than \$2.7 billion since John Howard was elected. It is surprising that a couple of Queensland people who are now on the Murray-Darling Advisory Council—I notice one of them was recently appointed to the board of the ABC—have not been appointed to run the banks. As the honourable member for Heathcote pointed out, the current Federal Government has failed, and is continuing to fail, to restrain the banks.

This is the same Government that allowed the Australian Securities and Investments Commission and HIH to walk away, which they did, in the insurance area. Coalition members keep on telling us about competition policy. How can we have competition in the bush—this is the failure of the John Cobbs—when so many of our towns are left with one bank and many are left with no bank. In fact, three towns in my electorate have had to approach the Bendigo Bank to set up a community bank after the big banks have walked away. People have many different kinds of credit cards. If people go to a town that has only one bank why should they have to pay an increased fee to use an automatic teller machine—I am not used to them—because we have so few of them in the bush? We are now being threatened with fees of up to \$12 per transaction. In 2003 the banks collected a massive \$8.7 billion in bank fees, an increase of 12 per cent on the fees collected in 2002. I again suggest that the amount collected from the bush in New South Wales is disproportionate to the amount collected in the city.

I would bet that people in the electorates of Wentworth or North Shore pay off their credit card balance every month. Many of the graziers in my electorate cannot because they have been denied exceptional circumstances funding. There is not only a real drought out there; there is a cash drought as well. Households paid \$3 billion in fees in 2003, an increase of 15 per cent on figures for the previous year. On average, that is over \$400 per household in bank fees, as the first speaker in this debate said. And the amount is a lot more in the bush. People in the bush have not been able to pay off their credit card balances. In fact, fees on households have increased by 161 per cent since 1997. Over the same period inflation has averaged just 2.6 per cent per annum. The remainder of that \$8.7 billion involves businesses: a lot of small businesses are copping a wallop of fees. With the drought many country town businesses are finding it impossible to pay off their cards—and everything else too. They are copping it because of the privilege of living in the bush. Many people in Sydney can pay off their credit card balances because their average incomes are far higher than those prevailing in the bush. That is the bottom line. This Opposition is a joke. [*Time expired.*]

Ms GLADYS BEREJIKLIAN (Willoughby) [4.21 p.m.]: I ask Australian Labor Party [ALP] members to clarify what they mean by the second paragraph in the motion, which calls on the Federal Treasurer to intervene in the setting of bank fees and charges. But they do not say what they would do in relation to bank fees if they were in government. Are we talking about all banks, about foreign banks as well as Australian banks? We live with a robust, open and highly competitive banking industry which has foreign entrants. Do ALP members want to tell foreign entrants what fees they should charge? If they did, the foreign banks would leave Australia and that would cost Australian jobs. Excluding foreign banks from such direction would put Australian banks and Australian jobs at a competitive disadvantage, with the imposition of restrictions on fees in one section of the financial services sector but not in another. It is high time that the ALP stopped its bank bashing and put its policy on the record rather than skirting around the issue and using vague terms such as "intervene".

We know that the ALP is desperate for something better to argue when it moves a motion about banks, especially when the speeches of the first two ALP members in this debate have shown that they do not have a grasp of the complex issues involved in regulation of the industry. When speaking about bank fees and charges we should remember that 20 years ago people with home loans subsidised all bank fees and charges. I am dubious when people claim that bank fees have gone up by X amount in the last 10 years or 15 years because traditionally people with home loans subsidised all other services which banks and other service providers offered. The ALP should be careful because few Australians would support cross-subsidisation these days. Banks have changed how they charge customers and interest rates have been reduced on home loans: people with home loans no longer subsidise all manner of other services provided by banks.

I am acutely concerned that other financial sector organisations are excluded from the motion. Thousands of organisations in the community apart from banks issue credit cards and provide other financial services: credit unions, building societies, pawnbrokers, niche providers, Internet service providers. So why is the ALP including only banks in the motion? If it is concerned about fees and charges in the financial services sector why is it focusing on only one part of the sector and not the others? Government members are attempting to politicise the issue, using bank bashing as a front to cover up their inadequacies in State government, which are numerous and which I will get to if time allows.

I totally support the comments of the shadow Minister for Fair Trading in relation to the concerns expressed about credit card habits and the trouble people can get into if they are irresponsible in using credit cards. But in the main Australians are responsible and they have options and choices about how they manage their financial services and budgets. I urge ALP members to outline what they propose. Apart from an exercise in sheer bank bashing they have not offered a modicum of sensible argument that would help Australians. What they have put forward today will be a hindrance, if anything, to what they propose to do. The ALP cannot have its cake and eat it too. Does it want to make credit card fees negligible so that people rack up household and consumer debt beyond their means? Responsible economic commentators have argued that maintaining fees at a certain level is a deterrent to overspending. I would like to hear ALP members respond on those issues. Rather than continuing to outline further inadequacies in their argument I express my utter disgust that such motions take precedence in this House. The Government reaps \$4 billion a year in stamp duty, and ALP members criticise the entire financial services sector for what it makes per year. Would they rather have banks lose money? Would they rather have Australians lose money? [*Time expired.*]

Ms TANYA GADIEL (Parramatta) [4.26 p.m.]: The Government has moved this motion because it has become glaringly obvious to anyone living in the outer suburbs of Sydney or in rural New South Wales that the banks are failing to live up to their responsibility in discharging their social obligations to this State's families and its communities. There are two issues I will focus on: first, the increase in banking fees and charges and the obvious impact this has on household debt and, second, the reduction in face-to-face banking as the big four banks continue to close branches across suburban and rural New South Wales. In addressing the banks' massive fee increases I place on record a series of statistics taken from the Reserve Bank bulletin called "Banking Fees in Australia".

Australia's financial institutions collected a record \$8.7 billion in bank fees last year, an average of \$400 per household. Banks fee income from households rose by 15 per cent in 2003 to \$3 billion. Families paid more than \$1 billion in fees on savings accounts, including charges for cheques, over-the-counter transactions, automatic teller machines and Internet and phone banking. Lastly, households contribute 35 per cent of the revenue banks obtained through fees and charges, up from 29 per cent in 1997. Adding these imposts on the family budget to record credit card debt, which was \$26.7 billion in March, and record household debt, which is more than \$700 billion, shows an obvious policy failure in national savings and the regulation of financial institutions.

In the electorate of Parramatta the burdens of household debt and bank fee increases are most keenly felt by young families and the elderly. They are some of 11,789 households in the area on a weekly income of \$799 or less. They are the families who missed out in the Howard Government's recent budget and who continue to miss out because of inadequate regulation and supervision of the banking sector. The New South Wales Government is doing its bit to help young families in my electorate get ahead by providing assistance in the form of stamp duty exemptions on first home purchases.

However, the challenge of spiralling household debt and the further burden of credit card and other bank fees demand a proper response by the Federal Government. While the Howard Government has abrogated its responsibility to adequately supervise and regulate the banks' setting of fees and cost structures and to

provide suitable initiatives to encourage household savings, the future is looking brighter with Latham Labor focused on boosting national savings and ensuring that any cost savings arising from reforms to EFTPOS interchange fees are passed on to consumers.

Fees are not the only bank issue about which families in Parramatta are concerned. Banking is an essential service and face-to-face banking keeps small suburban and rural communities alive. Families and customers have a right to feel aggrieved because they are not only being charged more for access to basic savings accounts and other banking facilities but they are also receiving fewer face-to-face services. Unfortunately, between 1993 and 2000 New South Wales lost 729 bank branches. Early in 2003 Westmead lost its National Australia Bank branch. Having spoken to local businesses and residents, I know that loss was a blow to the area. Surely by providing increased access to banking services, financial institutions will be able to attract more consumers in more locations. I would have thought that it is pretty difficult to open an account or take out a mortgage at an ATM.

It is pleasing to know that some banks, like the Bank of Queensland and the Bendigo Community Bank, are marketing the increased access they are providing to ordinary customers by opening new branches. Westpac has also taken the opportunity provided by the New South Wales Government's legislative changes to extend its opening hours to Saturdays. In essence, we need a Federal Government that is prepared to take up the cudgels to the banking sector, to regulate in the public's interest, and to ensure that families and communities have decent access to banking. [*Time expired.*]

Mr PAUL McLEAY (Heathcote) [4.31 p.m.], in reply: I have enjoyed this debate. Honourable members opposite have admitted by default that they know why this matter should be debated. Six months ago Peter Costello claimed that the Federal Government's reforms would be the panacea for families. The latest figures demonstrate that that is not the case and that the banks have opportunistically changed their fee structures to accommodate the Government's legislative amendments. The honourable member for Burrinjuck provided families with budgeting advice and then questioned my role in the financial sector. I was a director of the SGE Credit Union, and that is noted on the pecuniary interests register. Being a director of a financial institution does not remove my obligation to this Parliament. The fact that honourable members own shares or have accounts in financial institutions does not prevent our having a view about gross fee gouging by banks.

The honourable member for Burrinjuck quoted David Bell from the Australian Bankers Association, who claimed on Thursday 20 May on the ABC that people were still paying less for banking than they were seven years ago because although fee revenue had increased they were paying less interest. What happens when interest rates increase? Are they paying less than they were two, three or four years ago? No, they are paying more. He also admitted that fee increases have been consistent with other years and that the message has been consistent over the past few years. That message is strong: Fees will continue to increase. During the same interview, Labor's Stephen Conroy said that the extra impost was hurting struggling families and that there had been staggering increases, including an annual increase of 38 per cent in credit card fee revenue. He continued:

This is while credit card interest rates are at exorbitant levels, where they didn't pass the interest rate decreases on in the last few years and it just shows that the Howard government are sitting back and letting the banks gorge themselves at the expense of Australian households.

The honourable member for Murray-Darling made his usual passionate and eloquent contribution to the debate. He talked about bank branches being closed in his electorate and across New South Wales and asked how competition can work if the Costello Government lets banks close regional branches and will not roll out broadband facilities to allow for fast Internet banking. The honourable member for Willoughby asked whether a Federal Labor Government would exclude foreign banks. The Labor Party has said that it will refer the matter to the Australian Competition and Consumer Commission for monitoring. I was expecting much more from the honourable member in this debate; she said that the motion is simply bank bashing. The honourable member for Parramatta referred to the impact on young families and the elderly. I remind the House that when the Commonwealth Bank announced its record annual profit of \$2.6 billion, an increase of 11 per cent on the previous year, it also announced that 1,000 jobs would be lost in addition to the 450 cut last July as part of its new efficiency drive. I thank honourable members for their contributions. This is a serious motion for all Australian families, particularly those in New South Wales and the bush. [*Time expired.*]

Motion agreed to.

RECONCILIATION WEEK

Matter of Public Importance

Dr ANDREW REFSHAUGE (Marrickville—Deputy Premier, Minister for Education and Training, and Minister for Aboriginal Affairs) [4.38 p.m.]: I begin by acknowledging the traditional owners of the land on which Parliament House is built, the Gadigal clan of the Eora nation. The theme of this year's Reconciliation Week in New South Wales is rights, respect and reconciliation. That theme was developed by the New South Wales Reconciliation Council and supported by the Department of Education and Training, which have a close relationship. Resources dealing with the theme have been distributed to all State schools and local reconciliation groups. Because reconciliation is about social justice we must deliver justice to the stolen generations and their families. It is more than saying sorry, although that must be said. It is an acknowledgement of the great wrong that was done, the results of which Aboriginal people still live with today.

The New South Wales Parliament was the first Parliament to apologise to the Aboriginal people for past government practices. Ours was also the first Government to provide funding for the State reconciliation body to ensure the reconciliation process continued at local community and state levels. The New South Wales Government not only supports the reconciliation process politically but has backed it up with the financial support it needs to carry out its work. We have provided extra funding to the Reconciliation Council for the next three years; an additional \$300,000 has been provided for important reconciliation initiatives.

The Reconciliation Council works hard to promote the aims of the reconciliation movement to communities, local government, and other organisations. The council's current projects have been developed with a focus on the four key result areas for reconciliation outlined in the council's strategic plan: developing the people's movement, leadership, communication, cultural renewal and economic independence. The development of the people's movement will ensure that local reconciliation groups continue to operate and that their membership grows. To meet this challenge, the council has funded a small grants program for local reconciliation groups so they can access money for projects and activities in their communities.

Successful grant winners for the April 2004 round include the Wellington Social Justice and Reconciliation Group, to hold a family fun day commemorating the anniversary of the town's local bridge walk; the Winga Myamly Minto Reconciliation Group, to stage a ceremony in memory of the Appin massacre; the Women's Reconciliation Group, to publish a multi-media education kit; Blue Mountains Australians for Reconciliation and Native Title, to publish an historical text on the Aboriginal history of the Blue Mountains area; and the Ngullingah-gah Wundardun Casino Reconciliation Group, to host a community reconciliation golf day.

A field officer has been employed to provide information, training and support to local reconciliation groups. The field officer works with local reconciliation groups in various regional areas to provide training and advice, attend group meetings, seek new members and partners for reconciliation, and promote the reconciliation agenda to other community organisations. The field officer provides much-needed outreach support to local reconciliation groups and is working to strengthen the group network by establishing regional reconciliation committees.

Another focus area for the Reconciliation Council is economic independence and cultural renewal for Aboriginal people, both of which are vital goals identified in the final report of the Council for Aboriginal Reconciliation. The New South Wales Reconciliation Council, in partnership with the Office of Information Technology, is conducting an information technology training program. The aim of the project is to deliver training to local Aboriginal young people through the creative use of technologies, in partnership with local reconciliation groups and community technology centres. The New South Wales Reconciliation Council has provided a grant to the local adult community education centre in Kyogle to run a part-time information technology course for young Aboriginal people during semesters one and two in 2004. The Kyogle local reconciliation group is assisting by providing cultural and reconciliation e-projects for the students to work on. The course is accredited, and following its completion it will be developed as a model for other communities.

Another area of focus identified in the strategic plan is communication. The New South Wales Reconciliation Council has developed a number of education resources that can be accessed by the whole community. It is true that since the Council for Aboriginal Reconciliation was abolished, reconciliation materials have become thin on the ground. The council has worked with the Department of Education and Training and the Department of Aboriginal Affairs to develop a number of resources for the community. This reminds them that reconciliation is alive and kicking, and that it needs their support.

The council is currently negotiating with a range of non-government bodies, including Reconciliation Australia and Australians for Native Title and Reconciliation, to develop and maintain a substantial, updated reconciliation resource kit and other resources for wide circulation. The final area of focus for the council is leadership. The council will provide \$40,000 over four years to Projects for Reconciliation Inc. for the Richmond Hill Aboriginal memorial project. Last year the New South Wales Government announced a special local history grant designed to help the local community rediscover its history. The project has been set up to help raise awareness of the shared history of Aboriginal and non-Aboriginal people in our local community. Importantly, the focus of the program will be to develop stronger partnerships in that community and to create a lasting symbol of reconciliation.

The local history grant of \$40,000 awarded to Projects for Reconciliation Inc. for the Richmond Hill Aboriginal memorial project will help to develop a memorial to the history of the Darug Aboriginal people in Sydney's north-west. The history of the Darug people during the early settled colony is significant. They belong to an area in Sydney's northwest, recognised as the "food bowl", that saved the settlers from threatened starvation in the early 1790s. The Darug clan had an interesting, and initially friendly, relationship with the colonial settlers. In April 1791 Governor Phillip and his party met with local Aborigines and members of their clan. He recorded how they camped together on the Deerubbin floodplain, now known as the Hawkesbury River, and exchanged gifts in great friendship.

But over the years, as more settlers moved into the area, cordial relations soured. Competition for food in the Hawkesbury area intensified and the environment became very hostile. The conflict led to a key event in the history of the early colony, the Battle of Richmond Hill, in May-June 1795. Commander William Patterson sent more than 60 soldiers to the Hawkesbury River area to, as he recorded, "drive the natives to a distance for the protection of the settlers". At least 20 Darug people were killed during the battle. Patterson later wrote:

It gives me concern to have been forced to destroy any of these people, particularly as I have no doubt of their having been cruelly treated by some of the first settlers who went out there.

However, had I not taken this step, every prospect of advantage which the colony may expect to derive from a settlement formed on the banks of so fine a river as the Hawkesbury would be at an end.

The Richmond Hill Aboriginal memorial project will use this grant to acknowledge the Darug people who fought for their land. A permanent memorial will be built to recognise the conflict, as well as the good relations in the earlier years. It will be a place of pride for the Darug people that honours and remembers the Darug of yesterday and today. The project will also help to continue the current positive partnerships between Aboriginal and non-Aboriginal people in the Hawkesbury community. This is an opportunity to develop a lasting symbol of reconciliation within the community. Many Aboriginal and non-Aboriginal community groups are involved in the project, including the University of Western Sydney and Hawkesbury City Council.

The outcomes of the project at the local level will have a flow-on effect for the reconciliation process for the nation as a whole. This local history project will increase awareness of our shared history, and develop partnerships between the Aboriginal and non-Aboriginal community. It will provide other communities with the inspiration to explore their own local histories. The project, which will be mentored by the Myall Creek Memorial Committee, presents a unique opportunity to leave a lasting reconciliation legacy. It will require strong leadership, honest negotiation, and truth telling. But as Myall Creek showed us, an honest approach to shared history does not have to be about finger-pointing and guilt; it can bring positive change to the way our communities live together. All these projects will roll out in the new financial year. They are exciting, grassroots projects that draw on the strength of the people's movement and its supporters.

Reconciliation is not just the people's movement; governments have to be part of it as well. Governments have a responsibility to take symbolic action as well as ensure practical reconciliation. Symbolic action has been taken here. I believe the apology we have made to the Aboriginal people is an important part of the Government's responsibility. But we also have responsibilities for practical reconciliation on the ground. The Aboriginal community's development program, a \$240 million program over about eight years, ensures practical reconciliation. The program improves housing and infrastructure for Aboriginal people across the State, particularly those in far-western New South Wales. It involves the community, utilising their expertise, and the funding ensures the development of trainees and apprentices. We need to conduct these projects in collaboration with Aboriginal people. Our work with the Aboriginal Health and Medical Research Council, the Aboriginal Education Consultative Group, and the Aboriginal Justice Advisory Council shows that the Government has a very clear commitment to partnerships regarding Aboriginal advancement.

I wish to inform the House about the important honour that has been bestowed upon the honourable member for Canterbury. Last week the New South Wales Reconciliation Council appointed two New South Wales Ambassadors for Reconciliation: Ms Linda Burney, who is, of course, the honourable member for Canterbury, and New South Wales Senator Aden Ridgeway. I ask the House to acknowledge the importance of those appointments, particularly of one of our own. I am delighted that she has joined us in the Chamber for this discussion on reconciliation.

Mr BRAD HAZZARD (Wakehurst) [4.48 p.m.]: The Coalition supports this discussion, as it has supported motions relating to reconciliation issues that have been debated in this place. I wish first to acknowledge the Gadigal people, the traditional owners of this land, who are part of the Eora nation. For Australians to better understand our own identity and our way forward, it is important that we understand more broadly the Aboriginal Australian history, the 40,000 to 60,000 years that preceded European settlement. An inquiry is currently being conducted into problems that occurred in the Aboriginal community at Redfern. In the course of that inquiry one of the elders who lived on the Block for approximately 30 years, Aunty Joyce Ingram, gave evidence. Early in her evidence her words were quite telling in regard to this debate. She said:

There are the white people, if you will excuse the expression, and there are the Kooris. We will always be in Australia. We will always be in Redfern, so we should try to be reconciled to each other and try to respect each other.

That was spoken by a lady who was born in 1922, and I think her birthday is in December. I recollect talking to her down on the Block a couple of years ago, just before her eightieth birthday, about the problems that face many Aboriginal people on the Block. It is all very well for this House on a number of occasions over the past few years to join in motions in a bipartisan way to support the theory and the concept of reconciliation, but for many of people who live with the problems of being an Aborigine in Australia in 2004 each day, reconciliation still seems like a million years away.

We certainly need to have the respect that the New South Wales Council for Aboriginal Reconciliation is talking about, we certainly need to have a sense of understanding, but we also need to have some action on the ground. When school students from my electorate visit Parliament House I remind them that the word "parliament" means "talking place". Sometimes I believe that is the only thing the community gets out of this place: talk. We need to have a lot more action to back up the good words that flow in this place from time to time, to support reconciliation between black and white Australians.

As the Deputy Premier said, over the years the House has debated a number of reconciliation motions, and they have always received bipartisan support. For nearly eight years I have been the shadow Minister for Aboriginal Affairs and I can say without doubt that every motion that has come before the House has had bipartisan support. But it has reached the stage where I, as shadow Minister, and I think many people on both sides of the House, are getting a little frustrated at the lack of action by the Government getting on with some of the issues that are facing Aboriginal people. Aboriginals in New South Wales still need vastly improved health outcomes, vastly improved educational outcomes, more opportunities for jobs and far better housing. In fact when the Redfern inquiry asked Aunty Joyce Ingram what she would like for Aboriginal people, she said:

Just ordinary houses, three and four bedrooms—depends on the amount of the family—with a fenced in backyard and a clothesline. You can always say, "Don't come over my backyard. Don't come over that fence. This is my backyard".

Housing is a very serious issue for Aboriginal people right across New South Wales, and to some degree it is incumbent upon the Government to work with local communities to get them to do it better than they have been doing so far. I was not surprised that Aunty Joyce Ingram refused to answer a question by the committee about the Aboriginal Housing Company in Redfern. She said words to the effect, "Can you ask another question?"

I know a little bit about the background to that. I am not going to put words into Aunty Joyce Ingram's mouth but the problems at Redfern over the past 10 years or so with the Aboriginal Housing Company and its failure to work with residents who had lived on the Block for years was at the very heart of a substantial proportion of the issues facing the Block. Houses were knocked down until only a few remained. Aunty Joyce Ingram's house was the last one on Eveleigh Street, other than the unofficial shooting gallery, which was at the back of her house. Anybody who has ever visited the Block knows that that is where a fair proportion of drugs were being taken—in the house right behind the house in which Aunty Joyce Ingram lived—and yet the Carr Government has failed to put in place the sorts of services the Block needed.

I have been down to the Block on many occasions; I have sat in the Kirketon Road van and I have watched Aboriginal and non-Aboriginal people go into the van to get their drug equipment. I have been

saddened by the fact that some people went there with little kids sitting on their shoulders to receive their cleanfit, as it is called. The little kids are learning that this is the way it is done. This is the intergenerational problem that we have and will continue to have unless the Government gets serious, unless it moves away from talking and gets on with the serious task of co-ordinating and delivering services. Until that happens we are not going to see much difference in our lifetimes. In fact, I say there will be almost no difference in my lifetime unless the Government gets serious about delivering services.

It was interesting that the person who was representing the Redfern-Waterloo group before the committee, Mr Ramsey, also indicated the need for certain improved services, but did not seem to have a clear understanding of how those services should work together. He did not seem to understand very much at all about some of the drug services. But, even more telling was the fact that Aunty Joyce Ingram, who has been on the Block for the entire time this program has been in place—that is the past two years—knew nothing about it. She said she knew nothing about what the Department of Community Services was up to, and knew nothing about what the Redfern-Waterloo project was doing. If those service providers have not been down to talk to the elders on the Block, they have not been doing very much.

In 2002 the Department of Education undertook a review of literacy among young Aboriginal students. The then Minister, John Watkins, pulled the plug on the review just before the final results were to be published. There was no doubt in my mind, and no doubt in the minds of many others, that the plug was pulled because the Government knew that the results for young Aboriginal students would be a disaster. They are a disaster.

Mr Frank Sartor: You are a cynic.

Mr BRAD HAZZARD: I am not a cynic. You should hang around here a little longer, Frank, and you would actually want to get involved in these sorts of issues because they are the sorts of serious issues that face Aboriginal people. People on both sides—you should talk privately to them—know they are the issues. The problem is that the Government has done too much talking but has not acted enough, and I lay the blame fairly and squarely at the feet of the Premier, Bob Carr. He proclaimed that he wanted to be the education Premier, but I do not think he really understands the sorts of issues that face disadvantaged and minority groups—and Aboriginal people are in a minority in Australia. I do not think he has been prepared to show the sort of leadership that he purports to show in other areas of addressing disadvantaged people.

I think it is time that we as a bipartisan Parliament say quite clearly, "Yes, we support reconciliation, of course we support reconciliation, but we are fed up, just as the people down at the Block are fed up, with not seeing services provided". We actually want to see those services delivered; we want to see drug workers on the Block. Instead of just the Kirketon Road van there should be people down there doing the job. There are not enough drug workers to address the fundamentals, and there are not enough teachers who have an Aboriginal background and understand the issues that face Aboriginal people. Aboriginal people are still being gaoled at an enormous rate, and they are not getting sufficient support to find work. It is time that our reconciliation talk became reconciliation practice. Finally, I congratulate the member for Canterbury on her appointment as a reconciliation ambassador. I am sure she will take these sorts of issues seriously.

Ms LINDA BURNEY (Canterbury) [4.58 p.m.]: I thank the Minister for bringing this matter of public importance before the House and for inviting me to take part in the debate. I am very humbled by that invitation. It is very important that reconciliation is taken seriously because at the end of the day it goes to the heart of who we are as a nation. The mark of a mature nation is the capacity to own the truth of its whole history. I am very grateful to be invited to participate in this debate because I have been very involved in a very systemic way over many years in the formal process of reconciliation. I have served on the national Council for Aboriginal Reconciliation and I have chaired the New South Wales council.

I acknowledge the New South Wales Government, under the leadership of the Deputy Premier, and Minister for Aboriginal Affairs, is providing funds to New South Wales Aboriginal councils and local activities described by the Minister, such as the Darug project. I advocate strongly that the humble acts of reconciliation will deliver this to us as a nation. At the heart of those humble acts are important local projects and actions. We face each other at the local level and that is where we can change relationships within communities. New South Wales has been a leader in allocating funds for the reconciliation council, and many of the other States and Territories have now adopted the New South Wales model.

I shall explain to the House my view of the meaning of reconciliation. There are three handfults to reconciliation. The first is owning and celebrating our shared history. We have the wonderful gift in Australia of

having the oldest, continuous culture on planet Earth. It is that shared history and capacity to walk and work together that I describe as the first handful. The second handful is social justice in the context of outcomes for indigenous people—outcomes that provide a life of choice and chance. Everyone would agree that the majority of indigenous people do not presently enjoy those opportunities, and life expectancy statistics graphically highlight that fact. The third handful is rights for indigenous people, not just rights as citizens but those inherent rights of access to land, language and culture. They are the three aspects of reconciliation.

Last week, with the Minister, I attended the re-dedication of the walk on the bridge in 2000 and, later, ceremonies at the Opera House. We have all heard the term "unfinished business", and that can also relate to social justice, rights, and owning and celebrating our history. However, in light of the terrible statistics with which we are all so familiar, that term should be changed to "urgent business" because we are losing so many of our leaders. That was well recognised with the great loss of one of our leaders in the Northern Territory, whose name and image I shall protect as requested by the family in line with Aboriginal custom. Leadership is very much at the heart of this debate—not merely leadership in the parliamentary sense but leadership in the community sense. However, political leadership is essential and I place on record the real distress being felt by reconciliation people at the lack of leadership being shown at the Federal level and at the Federal Government's attacks on self-determination.

Discussion concluded.

Mr ACTING-SPEAKER (Mr John Mills): Order! It being before 5.15, with the leave of the House I propose to proceed to the taking of private members' statements.

PRIVATE MEMBERS' STATEMENTS

SKILLED MIGRANTS PLACEMENT PROGRAM

Mr PAUL GIBSON (Blacktown) [5.04 p.m.]: I wish to speak about the Blacktown Migrant Resource Centre, which is run by Irene Ross. Irene and her team do a wonderful job for the many migrants in the Blacktown area. I refer in particular to the State Government's proposal to cut funding to the skilled migrants placement projects. In a letter dated 10 May Neda Ceic, the Education Manager of the Macquarie Community College, stated:

Macquarie Community College has been closely associated with this program from 2001 to now, and has been the direct beneficiary of the outstanding work performed by the work experience participants coming through the skilled Migrant Placement Program.

It is imperative that this funding is allowed to continue as through the SMPP the overseas skilled migrants have access to appropriate information, referrals, vocational counselling, job search preparation assistance, work experience and assistance with accessing apprenticeships and traineeships ...

From June 2003 to April 2004 Macquarie Community College has had the privilege of placing 12 clients into work experience to our computer lab. All of the 12 clients gained employment within a few weeks ...

Absence of SMPP will have a negative impact on employment and training prospects for migrants with overseas skills and qualifications, and yet they are the ones who are already severely disadvantaged in the job market. A move to axe SMPP will impact unfavourably on diversity issues in the workplace, the overall state economy and particularly it will tend to undermine Australia's democratic principles of access and equity in the job market.

I totally agree with the sentiments expressed in that letter. The aim of the skilled migrant placement program is to prepare people for the work force by teaching them how to conduct themselves during an interview, how to write a résumé and how to dress appropriately for an interview. Perhaps the correct title should be the job ready program, because it helps to prepare migrants for employment. This funding is a measly \$5.5 million and if it is cut, 18 programs throughout New South Wales will disappear and the 36 people who conduct the programs will be looking for new jobs.

Only last Thursday a Blacktown employer said he would no longer employ people from the centre because they will not be job ready. He maintained that previously he employed them because the program had prepared them to immediately undertake whatever employment he gave them. He made the valid point that, because of their lack of job readiness, they cannot compete on an equal basis with people born here. The State Government regards this as a Federal matter because it is about employment, but I suggest it is about education and educating people from overseas so they are ready to apply for a job. I ask the Government to revisit this

matter because the program is essential. About 100 people undertake the course at the Blacktown Migrant Resource Centre each year. Last week I spoke with the centre at length and they informed me that last year approximately 500 people were involved in the program.

Many people have qualifications they gained overseas that do not meet Australian standards. This program helps to advise people on the best way to achieve those standards. Indeed, some doctors from overseas are driving taxis because their skills do not meet our standards. The program also helps women who may have given priority to their kids when they first arrived in this country but, after four or five years, have decided to enter the work force. I call on the State Government to reconsider this allocation of a measly \$5.5 million which will help hundreds of people who have previously had a hard life to gain employment in Australia. [*Time expired.*]

GLENHAVEN TRAFFIC ARRANGEMENTS

Mr MICHAEL RICHARDSON (The Hills) [5.09 p.m.]: Tonight I bring to the attention of honourable members two issues of concern to residents of Glenhaven in my electorate. The first concerns Glenhaven Road, which is the boundary between The Hills and Hawkesbury electorates, and also between the residential and rural residential sectors of Baulkham Hills shire. It is, however, changing rapidly, as the Secretary of the Glenhaven Residents Association, Deirdre Jessup, pointed out in a recent letter to me. Traffic is the major issue concerning the association currently. In her letter Mrs Jessup pointed out:

The Glenhaven community using Glenhaven Road has experienced difficulties in attempting to gain access to the road itself or being stopped at the Old Northern Road end because the Glenhaven Road traffic must give way to the Old Northern Road traffic. During peak times the traffic queue is lengthy. Drivers who do not wish to wait in the queue (which can be anywhere from 2 to 10 minutes) can turn right into Evans Road and drive through to Gilbert Road ... or turn left towards Dural and then do a U-Turn at Wakefield Road and Old Northern Road. The Evans Road option means that this road becomes the main traffic thoroughfare and presents an unreasonable intrusion of noise and traffic to the residents. The U-Turn option is unsafe, but in order to get to your destination within a reasonable time, motorists have no other choice.

But there is worse to come. There are five medium-density housing developments planned for Glenhaven, housing some 1,000 new residents. Two of these will be completed this year. As well, the single-lane bridge over Cattai Creek at the bottom of Glenhaven Road is due to be upgraded by 2008, which could potentially double the amount of traffic using Glenhaven Road. I think honourable members will understand why the residents of Glenhaven are concerned. If traffic can be delayed at Old Northern Road for up to 10 minutes now, 20-minute queues will become commonplace once the bridge is widened. This will encourage even more people to become rat runners along Evans Road.

The other issue is one that I have raised in this House and elsewhere many times, and that is Hastings Road, which is on the other side of Old Northern Road 400 metres south of Glenhaven Road. This intersection also lacks traffic lights, and it is a nightmare for motorists wanting to turn right into Old Northern Road at any time from 4.00 p.m. on. Indeed, much of the time a right turn is impossible. I know that on several occasions I have been forced to turn left and detour via Old Castle Hill Road, Tuckwell Road and Gilbert Road, adding 10 minutes to my journey. On this issue, Mrs Jessup said:

Hastings Road is the link road to New Line Road for the Glenhaven and Round Corner communities. During peak times a right hand turn onto Old Northern Road can see drivers in a traffic queue for 10 minutes. People at this intersection who are wanting to turn right onto Old Northern Road can turn left and then complete a U-turn at Oakhill College at the traffic lights. The turn itself is also dangerous, as you do not have good vision of the traffic approaching from the left on Old Northern Road. A great number of our residents are forced to drive to Castle Hill in order to avoid the intersection.

This issue affects the residents not only of Glenhaven but also of Dural, Kenthurst and Glenorie. The Government is planning to relocate Castle Hill fire station to a site opposite Hastings Road. When this happens the fire engines will also be boxed in by the traffic at certain times of the day. I have suggested that lights be installed at this intersection not simply to assist motorists but to assist the fire brigade as well. An extra minute can make the difference between saving and losing a property on fire. We are talking about providing improved safety not only for motorists—this intersection can be extremely dangerous—but for everyone serviced by the new fire station, which is tens of thousands of householders.

I request that the Minister and the Roads and Traffic Authority [RTA] carefully consider installing traffic lights at both of these intersections. Hastings Road, in particular, has been an issue for local residents ever since this Government was first elected. The Hills is one of the fastest growing areas in the State—I have more electors than any other member of this Parliament, with some 57,000 at last count—and the Government, despite all its rhetoric, is simply not keeping the infrastructure up to the population growth. Even the Windsor

Road upgrade is turning into a disaster. The intersection of Windsor Road and Showground Road, which itself is in desperate need of widening, has been completely shambolic for 18 months now. Motorists and even buses will take almost any other route to avoid it. It does not take 18 months to upgrade a single intersection. What has gone wrong here, and when will work on this vital intersection be completed?

I ask the Minister for Roads to provide answers on these important issues affecting thousands of my constituents. First, will the Minister provide funding for traffic lights at the Glenhaven Road and Old Northern Road intersection? Second, will the Minister provide funding for traffic lights at the Hastings Road and Old Northern Road intersection? Third, when will the RTA widen Showground Road, which is an important link road between Old Northern Road and Windsor Road? I should add that it is also the route of the proposed bus transitway. Fourth, when will the Showground Road and Windsor Road intersection upgrade be completed? The fact is that we cannot allow tens of thousands of people to come into an area and not provide any infrastructure. It has been the one burning, consuming issue for people in The Hills since this Government was first elected. We have one of the fastest growth rates in New South Wales. We have people piling in at the rate of 5,000 a year and the infrastructure is simply not there to cope with that influx of people.

PORT STEPHENS ELECTORATE POLICING

Mr JOHN BARTLETT (Port Stephens) [5.14 p.m.]: Two weeks ago I attended a public meeting at Lemon Tree Passage Bowling Club about policing issues in the Port Stephens electorate. About 350 people were in attendance. The first issue raised was that there was not enough police presence in the area and in Port Stephens generally of a night time after 11 o'clock. We were told that there was an average response time of about three hours, and that the police were frustrated by delays because of a lack of timetable for significant improvement. In terms of significant improvements in the police presence generally statewide, funding has increased by 79 per cent since 1995. Police funding was just over \$1 billion in 1995; it is now \$1.9 billion. And we have record police numbers of more than 14,500. The lower Hunter area command is the third highest resourced local area command in the State. However, that does not solve the problem that on most week nights after 11 o'clock we have only one police car looking after an area that extends from Nelson Bay to Raymond Terrace, including Tilligerry, Medowie and up to Karuah and beyond. I call on the Minister for Police and the deputy commissioner to investigate the matter of staffing in the Port Stephens electorate after 11 o'clock at night to see whether an extra police car can be put on patrol.

The second issue raised at the meeting is an issue I raised in Parliament on 31 October 2000—that is, splitting the lower Hunter area command into a Port Stephens area command and a Maitland-Cessnock area command. I have raised this issue on a number of occasions, and it arose at the meeting I attended. I have been unable to get a commitment from the Government for either splitting the command or funding a new police station at Raymond Terrace. Before the 2003 election I was unable to get a commitment for the period 2003 to 2007. However, that does not mean that I am not still working on those issues. Another issue I draw to the attention of honourable members is the fact that the plan for Raymond Terrace depends on a rezoning that will occur in the Raymond Terrace central business district. A minute I received from the general manager of Port Stephens Council, Peter Gesling, stated:

I understand that the earliest time a hearing could be heard would be August 2004 for eventual finalisation of any zoning or land classification changes in early 2005.

My plan, which has been on the table for some time now, about the council being involved in a land swap for the existing Raymond Terrace police station is still on the table but is being affected by the delay in rezoning. The third issue—I suppose in many ways it is the third priority—is replacement of the Tilligerry police station. It was an issue at the recent council elections, and at the public meeting a couple of councillors committed themselves to building a new police station and leasing it back to the police. The leasing model has its own inherent problems and will probably have to go to an open tender process.

A better model may be the model we used with the Tilligerry ambulance station; Port Stephens Council gave the land to the ambulance service, which resulted in construction of the ambulance station being brought forward some 10 years. I have received much correspondence since the meeting. It was an angry meeting in terms of the demand for a greater police presence and the ways that that could occur. I was sympathetic to the issues raised at the meeting. The Armson family, Roger Nell, the Went family, the Ryan family, the Hill family, the Schneider family, the Boyd family and many others have written to me about this issue. I assure them that I continue to work on this issue for the people of Port Stephens.

IRRIGATORS WATER CHARGES

Mr IAN ARMSTRONG (Lachlan) [5.19 p.m.]: I refer to a matter that was raised recently during debate on a matter of public importance. I refer to the low security entitlement fixed charges applicable for irrigators in New South Wales, particularly in the Lachlan Valley. I speak today on behalf of Mulyan, a small, family-owned mixed farm on the Lachlan River. A letter from that company says:

We have irrigated the River Flats on Mulyan for over 70 years and I think we would be regarded as very progressive and forward thinking irrigators. We have grown many vegetable crops over a period from 1943 to 2002 including Asparagus, Beetroot, Broccoli, Cabbage, Green Beans, Peas, Sweet Corn, Tomatoes and many other crops. Over the years our irrigation systems have changed, evolved and been improved many times and I would consider ourselves as efficient, professional irrigators and certainly DO NOT waste a valuable resource.

We are very upset over the current charging system for surface water on the Lachlan. We have a Low Security Licence, see attachment from Lachlan River Water.

The charging system is in two parts:

- A) Low Security Entitlement Fixed Charge—which your department have described to me NOT as a water charge or fee but as a Licence Fee. It seems very strange to set a Licence Fee on a volume basis, and the monetary amount is \$/unit volume, but not being able to deliver that amount of water in an average year. I think in return for a Licence Fee it is reasonable to expect a service, i.e. water in return.

The letter continues:

... I think that the current system is misleading, to the irrigator and the public, sly and a very cunning way of deceiving the irrigator. I realize that IPART approved these fees and charges but I am sure that under the present shortage of water they would agree that the current system is flawed.

- B) Regulated Water Usage Charge—with which I have no problems with and have forward a cheque to State Water for the amount charged.

Sir, I am sending you the cheque for the Low Security Entitlement Fixed Charge direct as a form of protest and I hope to highlight the unfairness of the current system. The fixed charge refers to the period 1/7/02 to 30/06/03 when we received a 3% allocation

Ninety per cent of their allocation was not available to them. The letter continues:

That works out to be \$138.66 per allocated megalitre. That charge would be the same for all Low Security irrigators on the Lachlan. So much for cheap water.

It further states:

As for the current year, if the current system is still in force the charge per megalitre is incalculable as we have zero allocation.

The letter is signed by Peter J. Fagan, the director of Mulyan Pty Ltd. He has also forwarded me a copy of those invoices from State Water. This family-owned operation has been billed \$16,045.68 for water that the State could not and did not supply. This has gone too far! Everybody understands the principle, but the bottom line is that Wyangala Dam is now less than 9 per cent full. The chances of getting water next year, when we know there was none last year or the year before, are quite remote. The State cannot keep sending these people bills when it cannot deliver water. If someone were paying an annual account to the milkman and the milkman could not deliver the milk he would stop paying the bill. A driver who puts a petrol bowser hose into his car but finds that there is no petrol does not pay for it. However, irrigators have to pay for water in New South Wales despite the fact that there is no water.

This family has been a large employer over the years. It has employed a large number of casuals. It was the family responsible for Edgells in that valley. It undertook contractual arrangements with the Federal Government during the war to produce vegetables for the army and for the population. They are reputable people. They are not necessarily impoverished, but there is a certain unfairness about this that lacks business acumen and that discourages irrigators from moving down the path that governments want them to—to be more efficient, to put more trust in the new arrangement between the State and the Commonwealth, and to become more innovative in managing irrigation into the future.

I hope that the Government will sincerely listen to Mr Fagan and take note of the matter of public importance raised by the honourable member for Murrumbidgee some weeks ago. There is no water. The Government cannot charge people for something they are not getting. It is hogwash to say that these people are responsible for paying for the staff and the infrastructure that has to be maintained. That is the responsibility of

any business. The timber yard that cannot supply timber cannot charge people for the timber but it still has to pay its rates. I ask the Government to use commonsense. It should supply the water and charge the people a reasonable amount. If it cannot supply the water it cannot charge them money.

LOWER HUNTER BIODIVERSITY CORRIDOR

Mr BRYCE GAUDRY (Newcastle—Parliamentary Secretary) [5.24 p.m.]: I remind honourable members of an important launch that will take place in the Jubilee Room of Parliament House from 1.00 p.m. to 2.00 p.m. tomorrow. I refer to the launch of the lower Hunter biodiversity corridor. It has been put together by 38 community and environment groups that have worked together to produce a briefing document that argues a really strong case for preserving our existing protected spaces and connecting them to build a biodiversity corridor that links Mount Sugarloaf to the Stockton sand dunes area. From Mount Sugarloaf, to the west of Newcastle, one can look across tremendous aspects of the lower Hunter estuary and see a series of protected spaces that have been put under protection by the Carr Labor Government.

Areas already protected to some degree include the Tomaree National Park; the Stockton Bight area, which is still under negotiation with the Aboriginal community for a handover into a national park; the Tomago sand beds, which are protected as a water source; the Hunter estuary wetlands Ramsar site; the Kooragang Nature Reserve; the Hexham Swamp Nature Reserve; Pambalong Swamp Nature Reserve; Blue Gum Hills Regional Park; Mount Sugarloaf Recreation Reserve and Watagan National Park. One can go on to Lake Macquarie National Park, a section of park that will be moving from Lake Munmorah and the protected area that will occur in the Swansea-Belmont area. There is a whole range of areas.

A proper biodiversity corridor will link them together, retain habitat for a diverse range of species, sustain our fishing and tourism industries into the future, provide improved lifestyle opportunities for our children and our children's children, and highlight to the community the value of ecosystems services. This biodiversity concept has strong support. I am pleased that there will be a launch and a discussion tomorrow. In the lower Hunter estuary there is what one might call natural competition between finding a sustainable environmental footprint and the development of housing and industry. It is important that we get that balance right. This biodiversity corridor briefing document is important, with community input highlighting the need for preservation into the future, not just for the moment, of those very important environmental values in the lower Hunter estuary. This is recognised internationally by the dedication of the Hunter estuary as a Ramsar site, and there are international and national obligations for its preservation and for finding the balance between that and development.

Another presentation at tomorrow's launch and one that I welcome will be by students from the Holy Family Primary School at Merewether, who only recently represented Australia at the Volvo World Environment Awards. They presented their Air Care project, which won them the national environment prize. They placed fourth at the world titles. Those fantastic young students will be here tomorrow to give us the opportunity to see their commitment to preserving and protecting the environment in which we live. It is important that members and others take the opportunity to look at this green corridor briefing document at the launch tomorrow. Quite clearly, the community is concerned about finding a balance between environmental protection and the natural development of industry and residential development in the lower Hunter. The community wants to preserve those environmental values but is aware that in order to do that we need to have a plan and to put together a linkage between the coastal environment, the estuarine environment and the environment running through to the Watagan Mountains. I commend the launch to honourable members.

CHATSWOOD CENTRAL BUSINESS DISTRICT

Ms GLADYS BEREJIKLIAN (Willoughby) [5.29 p.m.]: Today I take the opportunity to respond to the Premier's comments at the recent Sydney Future's Forum regarding the Chatswood central business district [CBD]. At that forum on 19 May the Premier was reported as saying that Chatswood was an example that cities in Western Sydney should follow. Mr Carr was also reported as saying that Chatswood "residents never have to leave their city to find work, entertainment, restaurants or any other services available in the Sydney CBD". He went on to say that "Chatswood represents a success story" and that "the lesson from Chatswood is that you can take a major transport hub and weave around it a vibrant mix of retail, residential and business, preserving a lively streetscape and setting out bold plans for cultural facilities and community amenities".

I believe these comments to be extremely premature and inaccurate. Chatswood is a wonderful suburb with a bustling retail and commercial hub, but its potential is unrealised and we have a long way to go before it

can come close to being described as a model city. Coincidentally, last Saturday I held a street stall in Chatswood mall, and the feedback I received from residents on a whole host of issues regarding Chatswood flies in the face of the Premier's comments. At the street stall I was particularly impacted by the story of an elderly woman who said that she was on the pension but had to spend money catching a taxi to St Leonards railway station because Chatswood railway station was simply too difficult for her to negotiate. Since having the honour of being elected to this place I have been fighting hard for an interim access solution to the Chatswood railway interchange. It is one of the busiest railway stations in Sydney, yet if anyone is elderly, disabled or has a pram it is impossible to use.

We have been told that the new transport interchange will be complete by 2008, but what happens in the meantime? It is unacceptable that a large proportion of the community is excluded from using public transport simply because the State Government will not even try to consider an interim access solution—hardly the "model" referred to by the Premier. To add insult to injury the Government is currently reviewing the car space levy in Chatswood, on the basis that Chatswood is well serviced by public transport needs. This is highly ironic given what I have just said. So not only do commuters have to struggle to utilise the railway station; small businesses are penalised even if they have only one or two car spaces.

Last Saturday many residents raised with me their concerns about the three additional towers being constructed in Chatswood in order to fund the transport interchange. Many residents who live in proximity to where the proposed towers will be built told me of their concerns regarding the lack of consultation, the uncertainty about a commencement date for construction, the duration of construction and the eventual impact of the towers on their residential amenity. I am extremely disappointed that the State Government has failed to adequately consult the community on its intentions, that it has failed to provide a number of options—the community was handed the one proposal without any alternatives—and perhaps most seriously that the Government's proposals fail to address commensurate infrastructure needs to support the higher population and greater stress on already very congested roads.

Greater investment in the community and greater growth are positive things for the Willoughby electorate and we are desperate for a revamped interchange, but equally the community has a right to ask that it be consulted in the process. The community has the right to ask that every possible avenue and option is considered so that the best outcome for the community is achieved. As I mentioned earlier, the Government has failed to address commensurate infrastructure needs to support the higher population and greater stress on already very congested roads. On that point, both Chatswood primary school and Chatswood High School are in desperate need of capital works upgrades. Both schools are bursting at the seams. They are both in very close proximity to the proposed towers.

I suspect that many residents who will move into Chatswood after the construction of the towers—my latest understanding is that there will be three towers, of 12, 18 and 32 storeys—will have children who will need to attend those schools. Harbourside suburbs in the electorate of Willoughby do not have adequate bus services to Chatswood. What is the State Transit Authority's response to the additional population in Chatswood? The Government has a very piecemeal and ad hoc attitude to Chatswood. The Premier's comments at the Sydney Future's Forum were premature. The Premier does not understand the major challenges facing Chatswood. If he thinks Chatswood is a model city, I hate to think about the rest of the State. I urge the Government to consider the issues I have raised. I will keep fighting for the local community. [*Time expired.*]

PLAY FAIR AT THE OLYMPICS CAMPAIGN

Mr PAUL LYNCH (Liverpool) [5.34 p.m.]: The Play Fair at the Olympics Campaign is a labour rights campaign being organised by Oxfam Community Aid Abroad. Events are occurring in particular today around this campaign, and I note that some of the campaigners are in the public gallery this afternoon. Constituents of mine are interested in the campaign and have asked me to raise this issue. The core of the campaign can be quoted from Oxfam as follows:

Poor women in developing nations make most of our sportswear. They work long hours of both paid and unpaid overtime with no job security. They worked long shifts, up to 18 hours a day 7 days a week, and get paid as little as 30 cents an hour. As a consequence they suffer poor nutrition, housing and health care.

This is taking place because big brand-name companies use their market power to squeeze the best price with the quickest turnaround from manufacturers in developing nations. These manufacturers then put the squeeze on their workforce with the types of wages and working conditions described above.

The companies and labels involved include Nike, Adidas, Reebok, Puma, Fila, Asics, Mizuno, Lotto, Kappa and Umbro. As the campaign points out, if labour exploitation were an Olympic sport the sportswear giants would be well represented among the medal winners. This year's Olympics is a showcase for fairness and human achievement, and the powerful sportswear industry should be an integral part of this spirit but instead is betraying it. Of course, the Olympic movement has some power in this regard. The International Olympic Committee [IOC] is the primary holder of the rights to use the Olympics logo and has a duty as protector of the Olympic brand. The IOC has a moral obligation to use its power to cause change in this area by building into licensing and sponsorship contracts commitments to respect labour standards. The campaign is calling for a number of recommendations to be adopted. These include sportswear companies developing and implementing credible labour practice policies that ensure that their suppliers respect internationally recognised labour standards. Sportswear companies should change their purchasing practices to ensure that they do not lead to the exploitation of workers.

Sportswear companies should implement their codes of conduct on labour practices in ways that deliver sustainable improvements to working conditions. Sportswear companies should commit themselves to be transparent about and publicly accountable for the impact of their business operations on workers. Sportswear suppliers should provide decent jobs for their employees by complying with international labour standards and national labour laws. The Olympics movement should make a serious commitment to respect workers rights in the sportswear industry. The Olympics movement should insist that the industry meet international labour standards in its operations. The IOC should reform its rules on licensing, sponsorship and marketing agreements to ensure that commitments on workers rights are included in contracts.

The detailed arguments for these recommendations are set out in the "Fair Play at the Olympics" report, available on the Oxfam web site. I would urge members to read that report. I should add that the report results not just from the work of Oxfam but also from its collaboration with the Clean Clothes campaign and global unions, in particular the International Confederation of Free Trade Unions and the International Textile, Garment and Leather Workers Federation. The report deals with specific case studies in Bulgaria, Cambodia, China, Taiwan, Indonesia, Thailand and Turkey. The report has some quite horrific stories about the workers and work processes involved in producing tracksuits, trainers, vests, team uniforms and so on. Many work excessively long hours, overtime frequently being compulsory. An example of someone working continuously for 24 hours is cited in the report. Work is often seven days a week. Breaks are often inadequate. Workers seem to have only very limited time for contacts with their children. The wages are often derisory and are not enough for subsistence. Legal rights are ignored and there are no proper employment contracts. There are many cases of employer bullying, humiliation, abuse and sexual harassment. In the description of the report, joining or forming a trade union is a "great challenge".

Sportswear companies seem to have a standard response that they have a code of conduct and it is not their fault if their contracted supplier companies are behaving in this way. I do not think that is an adequate response. They are simply ignoring the issue. These practices flow from the structure of the industry, from which the sportswear companies derive great benefits and profits. Even if suppliers do adhere to the code, there is no guarantee that they will continue to receive contracts. Lower prices, not labour standards, are what attracts sportswear companies. The stain upon sportswear companies must eventually impact upon sport more generally. Mostly, however, there has been little response from sports people and supporters. To quote from the report:

The Olympics movement is a particularly stark example of this indifference. In spite of its rhetorical commitments to fair play, international solidarity, and valuing the worth of human beings, it has not taken any practical action at the global level to challenge the sportswear brands on the exploitative and abuse working conditions in their supply-chains.

I am delighted to be able to speak in support of the campaign today. Until these situations are improved the Olympics will continue to be tarnished.

PROGRAM OF APPLIANCES FOR DISABLED PEOPLE

Mr JOHN TURNER (Myall Lakes) [5.39 p.m.]: A number of my constituents are concerned about aspects of the Program of Appliances for Disabled People [PADP]. The program has a budget of \$18 million a year for the entire State, which must cover administration and all other associated costs. That is insufficient given the demands on the program. Lindy McDonald of Gloucester has contacted me and I have passed her details to the Minister for Disability Services. Lindy has a five-year-old son, Mitch, who has significant brain damage resulting from a brain cyst and needs special equipment. He has outgrown his wheelchair, which has been very useful because it has allowed him to sit properly. It is now doing the opposite and he needs an electric wheelchair. A suitable wheelchair was located and approved by his occupational therapist and physiotherapist

and an application was sent to PADP for funding. However, about two weeks later they received a letter stating that no funds were available and that Mitch had been placed on a waiting list. Naturally, Mrs McDonald was concerned. She has a fundamental belief that any child with any form of disability or special need should not be placed on a waiting list.

Mrs McDonald rang the PADP and was told there would be no funding for any equipment until the budget was handed down. She was not satisfied and attempted to approach the Chief Executive Officer of the Mid North Coast Area Health Service, Mr Terry Clout. She was not able to speak to him, but she did speak to his secretary and an undertaking was given to investigate the matter. Not having heard anything, Mrs McDonald called back two weeks later. She subsequently received a telephone call from the area manager of generalist care services at Taree, who stated that advance funding had been requested. I have been told in recent days that that funding has already been allocated. Mitch will start school soon and he needs to learn how to use the new wheelchair for his own safety and for the safety of other children in the school environment.

Glen and Donna Walker have contacted me on behalf of their disabled son. They applied for assistance from the PADP for a collapsible manual wheelchair for travelling and an electric wheelchair. Like Mitch, their son has outgrown his wheelchair and it is creating problems rather than assisting him. He also needs a standing frame. The Walkers contacted PADP and were again told that no funding was available. On 22 March 2003 they were told that the Taree program would be receiving additional funding the following week. However, when they made further enquiries they were told that that funding had been allocated and that their son had been put on the waiting list.

Mr and Mrs Walker know of seven people waiting for 10 items from the Taree PADP. The Walkers' applications were lodged more than a year ago and their son is still waiting for the wheelchairs and other equipment. The Maurer family from Gloucester has also experienced problems in obtaining PADP funding to purchase a wheelchair for their child. Their saga commenced in 2002. Karen Rojo has also written to me about her family's application for their son Guy, who needs special orthotics to enable him to walk. Once again, they were told that funding was not available. Clearly, there is a problem with PADP funding, particularly in my electorate. I implore the Government to increase the funding sufficient to address these children's needs.

MR MICHAEL RABY PREMIER'S COMMUNITY SERVICE AWARD

Mr TONY STEWART (Bankstown—Parliamentary Secretary) [5.44 p.m.]: Yesterday I had the privilege of presenting the Premier's Community Service Award to an employee of Bankstown City Council, Mr Michael Raby. Mick, as he prefers to be known, received the award for his outstanding and courageous community efforts. At approximately 5.45 a.m. on Friday 20 February 2004, while on his way to work from his home on the Central Coast, Mick came across a serious accident on Rookwood Road, Yagoona, involving a motorcyclist who had collided with the rear of a bus. Mick quickly made his way to the cyclist, 21-year-old Chris Stavrou, who was conscious and lying on the road. His bike was lodged under the bus some distance away. At that stage Chris had been on the road for about 30 seconds, but he had already lost a considerable amount of blood. Mick made Chris as comfortable as possible given the circumstances and noted that blood was pooling under his skin. Fortunately, Mick was joined by a passing nurse and together they were able to open Chris' leathers and revealed damage to the femoral artery. Despite the extensive bleeding, Mick remained with Chris and the nurse and worked at stemming the blood loss and keeping Chris calm and alive until paramedics arrived.

The accident was life threatening and Mick's actions in attempting to stop the severe haemorrhage from the leg injuries and his willingness to assist in any way were acknowledged by the attending paramedics and Bankstown Paramedic Rescue Officer Paul Delamont as being vital to Chris' survival. After being stabilised, Chris was transported to Westmead Hospital by ambulance for emergency treatment. He spent several weeks in hospital, and during that time Mick visited him on several occasions. Members of the Stavrou family have expressed their deepest gratitude to Mick for his quick actions at the scene of the accident and for his kindness to Chris during his hospital stay.

The award ceremony was a surprise to Mick, who thought he was attending a staff meeting. Instead, he walked into a room full of admirers. Attendees included Chris Stavrou, who was grateful to be there alive and well because of Mick's actions; Chris' family; Richard Colley, the General Manager of Bankstown Council; Mayor Helen Westwood, who assisted in presenting the award; Superintendent Mick Plotecki; and paramedic Paul Delamont. I also commend the work done by the ambulance and police officers who attended the accident. Often their work is unnoticed and unheralded by the community at large. As a result of the combined actions of those involved this young man has another chance to enjoy a full life. I know that he deeply appreciates that opportunity.

Mick Raby is an outstanding council staff member who went well beyond the call of duty to help save a young man's life. We are grateful and proud that Bankstown City Council has employees of that calibre who can demonstrate what it means to be a good citizen. I was privileged to present the award to Mick on behalf of the Premier of New South Wales, Bob Carr. Without doubt, Mick's actions saved a young person's life. Only two Premier's Community Service Awards are presented each year. That demonstrates the significance of this award and how much Mick deserved it. Those who attended the ceremony greatly appreciated Mick's actions. His wife, Gillian, his son, Justin, daughter, Alex, and mother, Bev, who were also present, are extremely proud of his heroic actions. Chris Stavrou's father, John Stavrou, also attended the event. Several councillors were also present, including Kevin Hill and Les Osmond, together with council staff. It was a proud moment for Bankstown. It demonstrates what Bankstown is about: a kind heart and a willingness to stop and help someone who is in need. In this case, it meant that a life was saved.

KU-RING-GAI ELECTORATE BUILDING DEVELOPMENTS

Mr BARRY O'FARRELL (Ku-ring-gai—Deputy Leader of the Opposition) [5.49 p.m.]: I want to refer again to the State Government's plans for medium-density development in the Ku-ring-gai electorate. I do so against the background of the announcement of the Minister Assisting the Minister for Infrastructure and Planning (Planning Administration) four days ago of the details of the plan. Regrettably, that announcement confirms residents' worst fears about the State Government's intentions. It is an outrageous proposal that reveals the hypocrisy of the Premier's planning vision for Sydney. It is outrageous because it ignores real concerns about the impact of the proposed developments and fails to learn any lessons from earlier planning disasters that have afflicted Sydney. It reveals the Premier's hypocrisy, because every six months or so he stands before the State's media promising to improve planning laws to avoid the sorts of problems earlier decisions have delivered.

This decision also suggests a Jekyll-and-Hyde quality in the assistant planning Minister. Despite her repeated assurances that matters raised by residents, the council and State members of Parliament would be taken into consideration in her final announcement, nothing of the sort has occurred. A review of the Minister's previous statements to local media and a comparison of the details of her announcement on local environmental plan 194 reveal a yawning gulf between her rhetoric and reality. Regrettably, given the State Government's rejection of council's proposals last December, these events were to some extent inevitable. While I believe that sympathetic changes should have been incorporated into the Minister's planning scheme, the fact is that, like local government, planning laws are vested in State Parliament and, just as this State Government has been prepared to abolish and amalgamate local councils without consultation, it has also demonstrated its preparedness to apply planning powers without regard to local issues.

It is easy to demonstrate the flawed logic upon which this decision has been made. One of the reasons given by the Minister to justify her proposal is that it will provide a choice of housing. The truth is that council's own proposal provided greater housing choice—a choice that embraced townhouses, villas and units. The State Government's version of choice is to provide units, units or units. The Minister also used infrastructure and services to justify the medium-density plans she has unveiled. Rather than representing a blank cheque, the decision represents a dud cheque when it comes to Ku-ring-gai. In exchange for increased housing density and population there are no funds for local infrastructure and service upgrades. Local infrastructure and services are already overloaded—whether it be the Pacific Highway or local streets clogged with rat-running traffic; our trains, which struggle to cope with passenger demand or CityRail's timetable; or our power supplies, especially in the northern part of the electorate, where service disruptions are frequent.

The removal of maximum floor space ratios, as proposed by the Minister, will result in poor design and overdevelopment of sites, the very things the Premier periodically attacks as examples of bad planning in this city. But most of all I am appalled by the decision's continued insistence on the Minister's flawed interface arrangements. Council had proposed a four-stage zoning that would have seen a progressive increase in the size of adjacent developments. It was designed to ensure that only two-storey developments could be built next to single-storey homes. The Minister has gazetted a proposal that allows five-storey developments adjacent to single-storey homes, a regime that will have a devastating impact upon the privacy, amenity and heritage value of neighbouring homes.

That interface decision represents the worst of 1960s and 1970s planning disasters. We have all seen developments in this city and wondered how they were ever allowed to proceed. The Minister has demonstrated how: through the sheer ignorance, stupidity and short-sightedness of the State's planning bureaucrats. The effect of this decision would be similar to the effect of the Minister for Roads telling local residents they do not need

to wear seat belts or stick to speed limits: it ignores the benefits of progress and best practice. The Carr Government, like the Bourbons of Europe, has demonstrated that it has learned nothing and forgotten nothing. Whether they be the planning disasters of previous governments, or its own—including the disastrous impact upon communities of State environmental planning policy 5 infill developments—the Carr Government never seems to learn.

The only element of the Minister's plan I welcome is the possibility that the impact of stage two may be offset by better use of quarantined retail sites on the Pacific Highway. For instance, the area of the Gordon shopping district on the eastern side of the Pacific Highway, between Rosedale Road and St John's Avenue and backed by the car park and railway line, could be rezoned for density development without affecting a single adjacent resident or home owner. Opportunities exist in similar quarantined sites at Pymble and Lindfield between the Pacific Highway and the railway line, where existing single-storey commercial-retail premises could have been redeveloped to relieve density pressure on residential areas. If such an approach, in these quarantined retail zones adjacent to the Pacific Highway, can be used to prevent medium-density developments in Ku-ring-gai's small neighbourhood shopping centres deep within our garden suburbs, it will be welcomed by current and future residents.

Like the residents that I have spoken to since the announcement, I am disappointed by the Government's decision. It fails to deliver the win-win situation that was always possible—an outcome that allowed Ku-ring-gai to share its fair load of the city's population growth, as it has done historically, through developments that complement our garden suburb character. Notwithstanding my belief that the erosion of goodwill within the State's planning bureaucracy caused by the antics and delaying tactics of the previous council has contributed to this outcome, I urge the new council to continue its current approach. Led by Mayor Adrienne Ryan, it is attempting to find common ground and reach sensible outcomes.

Last March Ku-ring-gai residents voted for such an approach and rejected the tactics of the old council. The Minister's decision demonstrates a rejection of that democratic decision by residents. I urge council to continue to reflect residents' views, end the divisiveness of the past, and try to secure the best possible deal for Ku-ring-gai in stage two of this process. In conclusion, I again place on record my dissatisfaction with a planning regime that allows a decision such as this to be made without reference to local residents and without any scrutiny by Parliament. It is hardly a reflection of responsible or accountable government if such a decision is final and those who made it are not subject to scrutiny.

In my view, we ought to consider proposals that amendments to State environmental planning policies be reviewable by Parliament, in the same way as regulations are reviewable by this place, and also that they be subject to disallowance. As I have said on other occasions, the sorts of developments that the Minister has proposed for Ku-ring-gai—in particular, the lack of adequate interface arrangements and the impact of the current interface regime on privacy and amenity—are not acceptable. They would not be acceptable in the Minister's electorate, yet she is prepared to force such developments on the residents of Ku-ring-gai. This is the worst of the Carr Government's planning decisions, writ large in my community.

SERVICES SYDNEY PTY LTD SEWAGE AND WASTE WATER TREATMENT PROPOSAL

Mr DAVID BARR (Manly) [5.54 p.m.]: I draw to the attention of the House a proposal by a company called Services Sydney Pty Ltd to develop and operate a new platform for the treatment and disposal of Sydney's sewage and waste water. The company's proposal has the potential to replace Sydney's deep ocean outfalls as the main disposal method for Sydney's waste water. The proposal would also help address Sydney's long-term water supply needs by returning treated waste water to the river catchments. Issues concerning water quality and the treatment of waste water have long been of concern to the people of my electorate. Beach pollution from the ocean outfall at North Head was one of the driving factors behind the establishment of the independent movement in Manly in the late 1980s. At that time the Government's response was to move rapidly towards the construction of deep ocean outfalls. The effect this had on cleaning up the beaches was dramatic and water quality has remained consistently good. However, the construction of the deep ocean outfalls was only ever a quick fix. While Sydney may now have cleaner beaches, serious problems remain with the disposal of our waste water.

Each day Sydney Water disposes of more than 1,000 Olympic-size swimming pools of partially treated sewage through the ocean outfalls. Not only is that a serious environmental problem, it also represents a gross waste of our increasingly scarce water resources. At present, demand for water in Sydney is outstripping supply. Our city currently uses 1,700 million litres of water per day, or about 400 litres for each person every day. While

Sydney Water has made significant gains in reducing per capita water consumption, continued population growth and reduced rainfall from climate change is putting further pressure on our water resources. Within the next 20 years Sydney's population is predicted to expand to almost five million. The problem is made even more serious by the CSIRO's prediction that by 2030 Sydney's rainfall will be reduced by around 15 per cent. It is clear that security of the water supply is fast becoming one of our most pressing issues.

Services Sydney proposes to construct a new water reclamation, treatment and storage facility. That facility would be linked to the Sydney sewage reticulation network by new trunk main sewers at the points where the main trunk sewers connect each of the North Head, Bondi and Malabar sewage treatment plants. Water conduits would then return tertiary treated water to the base of Sydney's catchment dams to replace water otherwise needed for environmental flows. The potential benefits would include the avoidance of the need to construct a new dam, an increase in the water available for environmental flows, and the elimination of pollution in the ocean. The noisy and dirty sludge trucks that currently carry treated biosolids through the streets of Manly and beyond would also become a thing of the past.

The Services Sydney proposal stands in stark contrast to the approach currently being taken by Sydney Water through its Water Plan 21. Sydney Water simply promises to entrench the existing unsustainable system. Over the next 17 years Sydney Water will be paying the Environment Protection Authority a licence fee of \$25 million per year, or \$425m in total, to pump sewage into the ocean. It is time this money was spent on a sustainable solution. Obviously there are still many factors to be considered in Services Sydney's proposal. We need to be sure that the company's financial modelling is sound, and that it can be fully demonstrated that the proposal is in the best interests of the people of New South Wales. However, on its face the proposal by Services Sydney represents an opportunity to address one of Sydney's most significant infrastructure problems.

To advance its proposal, Services Sydney has lodged an application with the National Competition Council to have Sydney Water's sewage transmission and interconnection network listed as a declared service under the Commonwealth Trade Practices Act. Such declaration would mean that the company would be given the necessary access to establish the new platform. If the National Competition Council finds in favour of the application, it will then make a recommendation to the Premier that the service be declared. I have offered the company my in-principle support, and I urge the Government to take whatever steps are necessary to assist the company further develop its proposal. The Government needs to think far more laterally than it has done in the past.

TOPDALE ROAD, TAMWORTH

Mr PETER DRAPER (Tamworth) [5.59 p.m.]: I wish to detail a recent visit by the Minister for Roads, the Hon. Carl Scully, to my electorate for the purpose of inspecting roads in Tamworth and near Niangala. I am sure Minister Scully would agree that the highlight of his visit was his foray onto Topdale Road, where he met with a large, frustrated group of concerned local residents and road users and heard first hand how severely the road is impacting on their lives. The circumstances surrounding the use of the road had to be seen and felt to be fully appreciated. Minister Scully's virtual disappearance into a cloud of choking dust as a timber jigger roared past him was an image that certainly satisfied onlookers. Country people like Ministers to get personally involved in their issues, and to Minister Scully's great credit he took the elements in his stride.

Topdale Road is a regional road in the eastern sector of my electorate that connects Tamworth to the coast via Gloucester. For Tamworthians, it is the quickest route to the coast and in recent years, the popularity of this scenic route has dramatically increased with increasing numbers of tourists travelling to our region. Country music fans in particular are rapidly discovering the journey between Nowendoc and Gloucester is now bitumen sealed, with the 11-kilometre strip along Topdale Road being the only exception. As a result of several highly productive logging contracts under way in the area's State forests, a growing number of heavy vehicles now share the road with tourists and locals. Minister Scully heard how Brian Smith Timber Transport, which is based in Walcha, is about to begin three new log-harvesting operations in the Tuggolo, Tomalla and Nundle State forests.

Because of the direct route, the company's timber jinkers travel Topdale Road to access a variety of mills to the east in Grafton, Coffs Harbour and Dorrig. Prior to these new contracts being filled, figures revealed that between October last year and April, the company averaged 3.6 loads of logs along Topdale Road per day, with a peak between October and December of 6.3 loads per day. As the new contracts crank up, the company expects the loads to double to between 8 and 12 per day. This will equate to as many as 24 truck movements per day along Topdale Road. Down the road in Quirindi the construction of McVicar Mill is under

way. Much of the mill's capacity of 200,000 tonnes of logs per year is expected to be sourced from the forests around Nundle and Walcha. When the mill comes on line, truck movements on Topdale Road will be unprecedented.

Unfortunately, while pressure on the road has increased, funding to meet the demands of its maintenance has not. Over the years, the condition of the 11-kilometre gravel section has degenerated to the extent that repairs are now beyond the reach of the budget of Walcha Shire Council. It is the most expensive section of road in the shire to maintain and it seems even the most basic grading measures fall well short of community expectations. Residents such as Graeme Brazel, whose family lives 50 metres off the gravel road, were on hand during the Minister's visit to tell him that within a few days of council grading, deep wheel tracks return, making it difficult and dangerous for oncoming traffic to get off the road.

Mr Brazel fears for the safety of his children, three of 11 primary school children whom local bus driver, Graham Galvin, transports to Niangala school. Mr Galvin has been driving the bus for 16 years and believes it is only a matter of time before tragedy strikes either for his company or for MacPherson's Coaches, which also services the area. Malcolm MacPherson was at the meeting. He is not worried about his driving; he is worried about the ease with which people lose control on the gravel, especially tourists who are unfamiliar with the road and its condition. Topdale Road has already been the scene of four accidents this year: each of the vehicles involved rolled over and several people were seriously injured. The majority of these accidents go unreported.

Locals such as Neil Stackman frequently find themselves answering a call for help from an injured or mechanically disabled motorist. In a recent case Mr Stackman went to the aid of a man whose vehicle rolled and whose ear had been almost severed. Three weeks ago a woman's car rolled 100 yards from Mr Stackman's home; the woman was "knocked about" but, luckily, she escaped serious injury. The road is taking an emotional toll on residents such as Neil Stackman and Graeme Brazel—and it not only constitutes a physical danger. Dust rises in clouds and drifts in a pall over the nine homes that border the gravel section. Living closest to the road, the Brazels find the dust infiltrating every aspect of their lives. It took only 18 months for 5 inches of silt to settle into their newly installed rainwater tanks. The family co-ordinates washing days with slow traffic days because clothes taken off the clothesline can come off dirtier than when they went on. Computer equipment is not safe because, despite constant effort, dust is a permanent feature in the house.

Mr Brazel was one of many who gave an impassioned address to the Minister on the day of his visit, and I thank him for that. Another was Vicki Reynolds, whose husband, Kent, presented a petition with 930 signatures calling for action on the road. Mrs Reynolds made a deal with the Minister that should funding be made available she would begin a new petition acknowledging and thanking the Labor Government for its efforts. It was an offer the Minister could not refuse and I, as do the local residents, eagerly await news that he will accelerate Topdale Road on the Government's priority list for funding. This is a dangerous road and the community seeks the Government's help to seal it before a tragedy occurs. When Minister Scully was in the electorate he described me as a nag. I welcome his criticism. I intend to continually raise this issue until the community gets the result that it is looking for, and that is funding from the Government to seal the road, make it a safe passageway and improve the lot and the lives of the residents who live along this stretch of road.

Private members' statements noted.

[Madam Acting-Speaker (Ms Marie Andrews) left the chair at 6.03 p.m. The House resumed at 7.30 p.m.]

CRIMES AMENDMENT (CHILD NEGLECT) BILL

Bill received and read a first time.

Second reading ordered to stand as an order of the day.

WATER MANAGEMENT AMENDMENT BILL

Second Reading

Debate resumed from 12 May.

Mr ANDREW STONER (Oxley—Leader of The Nationals) [7.34 p.m.]: I lead for the National-Liberal Coalition on this bill. Water drives our communities, environment, and economies, particularly in regional and rural New South Wales. As the saying goes, where the water flows, investment goes. Irrigation is a

\$3 billion a year industry in rural New South Wales and is worth \$10 billion nationally. The tentacles of that economic activity reverberate throughout this State and nationally, providing jobs, valuable export dollars, and strong local economies.

The Water Management Act came into effect in 2000 and provided a new framework for water management in New South Wales. The Nationals and the Liberal Party initiated significant changes in favour of water users as against the original white paper on which the bill was based. Everyone recognised that reform was required, but the way the reform had been implemented, and continues to be implemented, was contentious. The bill amends the Water Management Act by dealing with aspects of the national water initiative that the Premier signed off on in August 2003 at the Council of Australian Governments meeting. It will facilitate the commencement of water-sharing plans, due to start at the beginning of next month, except for the groundwater plans, which will be delayed until 1 July 2005.

The bill will deliver most categories of access share entitlement under perpetual duration rather than the 15 years duration currently provided for. It will enable the Minister to extend water-sharing plans on the recommendation of the Natural Resources Commission, give catchment management authorities a role in water management, and provide a link with catchment management plans. The bill also amends the Water Management Act as it relates to domestic and stock rights, and water usage. The amendments limit those rights in certain circumstances, which are to be devised by the Minister outside this legislation.

The bill provides for the keeping of a water access licence register. The grant of water access licences, similar to the register kept under the Real Property Act 1900, will be recorded in the register. Details contained in the register, including ownership and the price paid for water, will be publicly available to allow monitoring of the industry. The register will promote trading in licences, which will hopefully lead to the highest value use of the water and encourage investment, particularly for towns, cities and villages throughout country New South Wales whose economies rely on town water or the efficient use of water for agriculture.

The register will enable the holder of an access licence to transfer the water entitlements conferred by the licence to another person for a specified period of not less than six months. The bill amends the Catchment Management Authorities Act 2003 to provide for the establishment and operation of environmental water trust funds by catchment management authorities in connection with their environmental water functions. It will also establish the Water Innovation Council.

The Nationals and the Liberal Party will not oppose the bill, but I ask the Minister to address certain matters in his reply. First, unlike the lands title system, the new water licence register will not offer, certainly not initially, indefeasibility of title. Indefeasibility of title means—I know the Minister was formerly a valuer by profession—that the registered proprietor of an interest holds it free of any estate or interest not recorded in the register, except in the case of fraud, legislative exceptions, or exceptions based on case law. The Government should commit to provide legislative indefeasibility within three years. The Minister said in his second reading speech that he would like that to occur, but water users would consider it an act of good faith if the Minister were to strengthen the legislation in that way now. The position of the Australian Bankers Association on this issue is as follows:

An indefeasible title is not only required to protect the interests of mortgagees, it is also essential to protect and give confidence to purchasers of Access Licences and to ensure that all owners of Access Licences are protected from unauthorised dealings. A secure and efficient title system will also minimise conveyancing costs and time.

While we welcome the move in this bill to provide for access share entitlement to be given perpetual duration, rather than the 15 years duration currently provided for, some categories seem to have missed out. Supplementary water licences will not be made perpetual. Many irrigators, particularly those in the border rivers area of northern New South Wales, have invested on the basis of accessing this water, which many term "off-allocation water". Certainly, the seasons in that part of the State dictate that during summer the water is available and during other times of the year it may not be. That is certainly when they like to plant and irrigate their crops in that part of the State. So while water-sharing plans may allow irrigators to access this water at the moment, future plans may not.

It should be noted that water users, at the behest of governments, took up the challenge to invest in, and capitalise on, this water. They are seeking certainty to ensure there is longevity and security in their investment. I was pleased to hear the Minister say that perpetual entitlements are a more robust, bankable, and attractive asset. It has taken us a long time to get to this point. For years, this State Government has fought every attempt to recognise the need for a property right. It has only been through the leadership of the Federal Coalition, particularly The Nationals leader, Deputy Prime Minister John Anderson, who has promoted the national water initiative, that we have this proposal before us.

I must give some credit to the Minister. This is one of those moments when both sides of politics, at least in this place, agree on the need for these reforms, and I am pleased to be bipartisan in supporting these changes. I congratulate the Minister on his dealings with the Deputy Prime Minister on the national water initiative. A perpetual entitlement will give water users more confidence in investing in their properties and planning for the long term. Of course, that includes investing in water efficient technologies. We should all encourage that in view of the issues the State faces with water availability. Lending institutions will also be more prepared to assist water users because they will have a firmer collateral base.

However, it should be highlighted that a perpetual entitlement only guarantees water users the right to access water and has no bearing on the volume of water they will receive. What is required is an equitable model to manage the cost or risk associated with new science and knowledge. That is not dealt with in this bill, though I understand it is being further negotiated as part of the national water initiative through future Council of Australian Governments [COAG] meetings. I note that the Minister has put forward a model that would place a 10 per cent cap on the amount of uncompensated change that users could face within a 10-year period. That is one model before the COAG in terms of the national water initiative. The Nationals' position on that is that there is currently no science required to justify that position, and I understand there will be further negotiations on that issue.

Mr Craig Knowles: The options are growing like mushrooms.

Mr ANDREW STONER: As the Minister says, the options are growing like mushrooms. I urge the Minister and the New South Wales Government to actively pursue an equitable alternative model with water user groups. The status quo remains whereby there is still no provision for any compensation for loss of access that occurs through the making of a new water-sharing plan beyond plans that come into effect from 1 July. That remains an issue to be addressed, hopefully via future legislation. Section 87 of the Act sets out the circumstances in which compensation is payable to a holder of an access licence for reduction in water allocations arising from the Minister's amendment of a management plan. The bill amends section 87 by expanding the circumstances in which compensation will not be payable.

As noted in the Parliament's cross-party Legislation Review Committee's "Legislation Review Digest", new paragraph (a1) of section 87 (2) provides that compensation is not payable when the bulk access regime is varied in a management plan after the expiry of the plan that first established it. The digest notes that this appears to deny the payment of compensation when adjustments are made in a plan which succeeds the initial plan, even as the Minister diverges from the provisions of the draft plan proposed by the water management committee or bypasses the committee altogether by making a Minister's plan. Through this bill, the Government is seeking to rein in rapid rural subdivisions of farmland that lead to a single stock and domestic water usage right suddenly expanding perhaps 20 or 30 times.

In my electorate, rural land subdivisions are proceeding at a fairly frightening pace. When they are adjacent to a stream or a river, stock and domestic water rights become extremely important. I note that under the legislation the Minister will be able to formulate guidelines on reasonable use, which we are told will involve public consultation. I ask the Minister again to commit to genuine public consultation. The issue is what constitutes a bona fide farming property, as opposed to a rural residential-type subdivision, for the purpose of stock and domestic water use.

I note that in the planning guidelines the minimum size for an agricultural lot is 40 hectares, or 100 acres, in various parts of the State. Perhaps that is appropriate in some areas but I note that in other areas a sustainable agricultural lot may be larger than that. Other definitions apply to a bona fide primary producer status via the tax office. There are all sorts of definitions but I urge the Minister to consult and to get it right in terms of a subdivision that should not be able to draw from that riparian right and a subdivision that should not be able to abuse that right to ensure that legitimate users downstream can continue to access their stock and domestic right. The bill confirms the role of catchment management authorities [CMAs] in water management in New South Wales. However, there is no assurance that water users will be fairly and adequately represented on CMA boards. I know that this matter was raised previously when the Catchment Management Authorities Bill was being debated. I again call on the Minister to ensure that each CMA board has a fair representation of water users.

I note also that the bill provides for new penalties. While I think that most water users would support strong penalties for those acting illegally, the "Legislation Review Digest" has raised the following issue with respect to proposed section 85B, which provides penalties for illegally taken water. The section provides that in

addition to, or as an alternative to, prosecuting licence holders who take water in breach of their licence, the Minister can also penalise them by, first, debiting their water account by up to five times the amount of water taken, and, secondly, requiring them to pay a civil penalty of up to five times the fee for the water taken.

The "Legislation Review Digest" raises the issue that while such an enforcement strategy does not infringe personal rights and freedoms when it is used as an alternative to prosecution, it could be seen as raising the prospect of double punishment when it is used in addition to prosecution. Neither the court on sentence nor the Minister when making an order is required to take account of the other's decision. So that is another issue for the Minister to address. The Legislation Review Committee is of the view that double punishment for the same offence is contrary to the fundamental right of a person not to be tried or punished twice for the same conduct. The Opposition agrees with the committee on that principle.

That parliamentary committee raised other concerns. I would like the Minister to respond to each of those concerns, because we want workable and fair legislation. It took some months to respond to the serious concerns the committee had with the Government's native vegetation legislation last year. I hope we see a more timely response in relation to this bill. Another concern The Nationals have is the proliferation of committees and bodies that will have a role in water management. Under this bill, the natural resources legislation the Government introduced last year, and the upcoming Water Management Amendment Bill there will be a proliferation of committees and bodies, including the Water Innovation Council, the Natural Resources Commission, catchment management authorities, environmental trusts, community service committees, and so on. I seek an assurance from the Minister that all of these bodies will be properly co-ordinated so water users have an efficient system in place. Duplication of resources and general confusion about which body is responsible for what will lead to disadvantageous outcomes.

I have also heard anecdotal evidence that Department of Infrastructure, Planning and Natural Resources regional staff have generally good relationships with water users, but that their advice is often overruled or bogged down in head office with little or no explanation. This is causing considerable frustration. I know the Minister is restructuring the department and is looking to streamline the environmental assessment process for works for existing water users and works that are submitted for renewal. We would like that process to move on and for staff, and water users in particular, to know where they stand in relation to former staffing in the Department of Infrastructure, Planning and Natural Resources and the new catchment management authorities.

I note that only applications for new works or uses deemed to pose a substantial environmental risk will require an assessment. The issue is what constitutes a substantial environmental risk? Again, I ask the Minister to tell us in his reply how he intends to deal with that definition. Some irrigators have asked me about taxation issues related to this bill, particularly in relation to stamp duty implications on the transfer of access licences and, similarly, on mortgages on access licences. Will the new access licences be treated as a new asset for capital gains? They have also asked whether GST is applicable in any of these areas. The Minister's office has been helpful in providing the following points on these matters.

The Australian Taxation Office has prepared a draft ruling indicating that generally the replacement of existing entitlements with access licences will not give rise to any capital gains tax implications. However, this position is yet to be confirmed where the replacement is issued to the person who is the landowner but who is not currently in occupation of the land to which the entitlement was attached. Where there is more than one access licence holder, the co-holding may be as joint tenants or as tenants in common. There may be taxation implications for individuals who elect to change the holding arrangement. In relation to the cost of dealing in access licences, such as transfers, the Government has agreed that a nominal stamp duty of only \$10 will apply. This is to satisfy already existing legal requirements. Normal duty will be payable on the registration of security interests in access licences such as mortgages. No GST is payable for applications for water access licences or water access licence dealings. Again, I would like the Minister to confirm this information in his reply.

As I said, I have consulted with the Australian Bankers Association on this matter. It informs me that the access licence register will facilitate access to mortgage finance. This debate will never be concluded; it will continue to be a work in progress, particularly in looking at future negotiations and the finalisation of those negotiations in relation to the apportionment of risk concerning changes to future water-sharing plans and the compensation or structural adjustment that should flow from changes to allocations as a result of water-sharing plan changes. As the water debate continues to unfold from the national water initiative negotiations, I call on the Government to consult widely and genuinely with affected parties.

Ms PAM ALLAN (Wentworthville) [7.55 p.m.]: For some time New South Wales has recognised that caring for our natural resources results in better agriculture outcomes. We have seen the development of a number of natural resource management bills to regulate farming practice while at the same time providing environmental certainty. Recently the Minister for Natural Resources highlighted how the current use of our valuable water resources and assets cannot be sustained. He has introduced this bill to provide stronger incentives to use water profitably and efficiently and to provide more opportunities to allocate water to the environment.

In many parts of New South Wales people are being asked to restrict their water use to conserve diminishing supplies. Many other parts of New South Wales are unable to use existing water, due to toxic loads of blue-green algae and other water quality issues. In short, many water systems in this State are no longer living entities. In recognition of this, the Water Management Act 2000 was introduced to provide for the protection and enhancement of valuable water resources—balancing the needs of nature, society, and the economy, including the needs of indigenous people, who have traditionally been utilising the landscape's resources for more than 40,000 years.

The Act also provided for the introduction of a more inclusive process for water allocation decision making, including the community, and for a comprehensive assessment on environmental and socioeconomic grounds. Under the Water Management Act, 36 water-sharing plans across New South Wales have been developed. It is critical that these water-sharing plans are implemented soon. However, some concern has been voiced as to whether the flows represented within these plans are adequate to restore flows in allocated systems. I highlight that there may be some concerns as to whether the legislation adequately provides for public comment. Any plans made to manage our natural resources need to be made available to the public for adequate comment.

The bill aims to achieve a number of outcomes that are in line with progressing both the water-sharing arrangements and the national water initiative. The Minister has said that the way forward is to achieve the right balance between healthy rivers and competitive industries working efficiently within these sustainable resource limits, and that we have an obligation to ensure the sustainable use of water resources. This includes understanding from a national perspective how water can be shared for the benefit of all jurisdictions. The bill sets part of the framework for a new era that will deliver benefits for the Australian economy, the environment, and the community. For that I particularly thank not just the Minister but also the Premier for his support and initiative in ensuring that this bill was introduced.

The introduction of the bill is timely from a number of perspectives. In recent months the Standing Committee on Natural Resources Management, which I have the honour to chair, has been conducting an inquiry to evaluate the impact of water management arrangements, particularly trading, on salinity, which is another issue that attracts national and State interest. The committee has heard evidence about opportunities to better manage the freshwater resources of this State, particularly with regard to dealing with salinity impacts, and how robust, best practice institutional arrangements for trading are required to manage salinity. The challenge for our committee is to consider and support the best approaches and practices to benefit the environment if we expect agriculture to continue to thrive. I particularly thank the members of my committee from both sides of the Chamber, including the Independent member for Dubbo, for the continuing efforts and contribution they make to the committee's work.

The Minister said in his second reading speech that the focus of this bill underpins national water initiative principles, which include water access entitlements and water planning frameworks; water resource accounting; water markets and trading; and integrated management for environmental outcomes. The Minister also said that best practice water pricing was implemented by the Water Management Act 2000 and that the new bill will enable a new water economy, preserving rights of the environment and users in perpetuity. Evidence heard by our committee suggests that by providing a water market, the Government can assist in enhancing economic, social and environmental outcomes.

This is timely for, and most desired by, the stakeholders in water management. Our committee has heard evidence from water users such as New South Wales Irrigators and the New South Wales Farmers Association, from CSIRO scientists and environmental advocates such as the World Wildlife Fund for Nature, the Nature Conservation Council and the Australian Conservation Fund. We have also heard from the Department of Environment and Conservation and the Department of Natural Resources Management. Evidence heard by the committee to date indicates that all stakeholders are concerned about the precarious nature of water resources and the potential impact of increasing salinity. All stakeholders feel that having water on the policy

agenda of all governments is crucial and that it is essential that environmental sustainability is enforced on an ongoing basis. It is also important that there is an adequate assessment of the impact of any institutional change in a natural resource management area.

Currently, there is considerable effort debating and understanding the nature of the water market and the changes necessary to reform it. Water trading is being seen as having the potential for good outcomes for the environment and sustainable agricultural management, provided we develop robust water management arrangements that assist individuals to make better choices and that better reflect outcomes for salinity. Arguably, arrangements that deal with salinity will provide an overall better outcome for the resources of this State. The national water initiative highlights that rivers do not recognise interstate boundaries. State governments must sit down together to come up with better solutions for the future. Evidence given to the committee thus far reinforces that view. I compliment the Minister for Infrastructure and Planning, and Minister for Natural Resources on his ongoing efforts to ensure that the expectations of the community are met for all relevant State Ministers to work successfully at a national level to make sure that the national water initiative is successful. I give credit to the Minister for trying to achieve that.

Only in the last fortnight the committee heard evidence from some of the newly established catchment management authorities [CMAs]. The Minister's second reading speech states that the bill will provide catchment management authorities with a role in water management—in fact, the crucial role in water management—and that they will provide a link with catchment action plans. The newly appointed chairs of the CMAs have shared with us their vision of what will happen in their catchments. The committee was particularly impressed by the vision and enthusiasm of some of them. The inquiry heard that the CMAs will be strongly supported by the Department of Environment and Conservation and the Department of Infrastructure, Planning and Natural Resources. The departments will provide an ongoing scientific and policy development role for the boards and the boards will have their own staff to ensure that their objectives are realised. The effectiveness of the CMAs will be audited by the newly established Natural Resources Commission. The chair of that body will share his vision with the committee tomorrow. I am very much looking forward to hearing from Professor Parry his views on this legislation and the future.

On the matter of local government involvement I highlight recent work conducted by Professor David Brunckhorst of the Institute for Rural Futures at the University of New England, which was tabled in the Legislative Council on 10 March this year. This research has produced maps of areas of social interest or what he calls eco-civic regions that have implications for natural resource and social management. One of the implications of Professor Brunckhorst's work is that the current spatial distribution of CMAs may be less than ideal. As such, this may need to be reviewed in the future, especially as a key role of the CMAs is to facilitate community education and input into planning processes. That is, it is important that the CMAs correspond and match their area of social interest. A clear and transparent process in this regard is crucial, especially in the engagement of indigenous communities. They should have opportunities to have a real say in the way in which environmental water is managed, and in a way that is appropriate for them to contribute to the conservation of their environment.

There are huge expectations riding on the performance of CMAs and it is very important that the expectations of their local communities be realised. Even people in Sydney are expecting great activity from them. A good outcome of the national water initiative is that flows down the Darling River, which feeds into the Murray, will be permitted. In the last fortnight a special youth forum made up of young people from the Darling region visited this House and the Legislative Council. They made a very compelling case for improving the current state of the Darling River. I had the honour to chair a meeting on *My River: The Darling River 2003* with Tony McGrane, the honourable member for Dubbo, representing these young people who came from the Darling River region, all the way from Queensland right through to Mildura. These young people came representing schools along the river to talk about issues in their parts of the river and ways that those problems can be addressed. I was very impressed by their performance. They produced this document *My River: The Darling River 2003*. While the Minister is standing here I will give him a copy just in case he has not seen it.

Mr Craig Knowles: Let it be tabled.

Ms PAM ALLAN: That is a good idea. In many ways the students are representing the views that are now being presented by a range of adults across the spectrum on the river. I found the students terribly intimidating; I thought they would all make excellent politicians in the future. The Nationals would like to have a monopoly of the seats in rural New South Wales—they would also like the seat of Murray-Darling—and Nationals members would have been thoroughly intimidated at seeing what fantastic performers the students

were. They have defined the problem and they have outlined solutions. Not only that, they had the capacity to come forward to the Parliament and present their views. The result is the recommendation in the document to improve water quality in the Darling River. That is the sort of input that I would hope all the CMAs right across New South Wales would be in a position to receive over the next few years of their operation.

The bill provides a very important opportunity for us, as a State Labor Government, to continue to enhance and build upon the reforms that have already been developed in the area of catchment management. I remember in 1988 sitting in a shadow Cabinet meeting when Jack Hallam, a former Minister for Agriculture in the Wran Government, was making recommendations to the shadow cabinet based on the new catchment management legislation that Premier Nick Greiner had introduced into the Parliament. He reassured us that it was legislation that we had created while we were in government and the Greiner Government was then bringing it forward. Catchment management has been an issue since 1988 and before. It has been around for a long time. I hope that we have now finally got to a point where the models that we are producing will deliver the goods.

The bill establishes us at the forefront of any national campaign to deal with this issue adequately. It gives us the opportunity to build on the reforms we have already commenced, the water management plans and the catchment plans that are already out there waiting to be implemented. It gives us the opportunity to secure the support of the Commonwealth, which in this election year is stating its great commitment in this area. It gives us an opportunity to appeal to the relevant stakeholders and the various communities that have huge expectations of us. It gives us the opportunity to participate in, and in fact lead, a national reform process that will deliver environmental, economic and social benefits to the communities that depend upon this river system. I congratulate the Minister. I think that this is an excellent bill. There is a lot riding on it. On the other hand, many people will maintain a very strong interest in its continuing outcomes.

Ms KATRINA HODGKINSON (Burrinjuck) [8.10 p.m.]: The Water Management Amendment Bill amends legislation passed in this place in 2000. A great deal of concern was expressed about water management at that time, particularly in my electorate of Burrinjuck, which has five major water storage facilities—Wyangla Dam, Burrinjuck Dam, Jounama Pondage, Talbingo Reservoir and Blowering Dam. Of course, many farmers in that 25,000 square kilometre area have expressed their concern about access to water and rainfall levels. The annual average rainfall is between 22 inches and 26 inches. Last year we received only about 18 inches and this year we have received only a third of that. It is a serious situation. I will not go over ground already covered by the shadow Minister for Natural Resources, the Leader of the Nationals, because he has dealt with the issue comprehensively. However, I will raise some concerns expressed to me by my constituents.

The Hon. John Anderson, the Deputy Prime Minister, was in my electorate last week between Gunning and Breadalbane to launch a new Farmhand publication. He has been very active in ensuring that water-sharing plans are implemented during his term in Parliament. I appreciate the hard work he has done to guarantee that water resources are managed properly not only in New South Wales but also across Australia. Water management is one of the most difficult jobs anyone can undertake because water is our most precious natural resource. As I said, I live in an area that is very badly affected by drought. Tuena has run out of water and Bigga is desperately looking for a bore. Ken Reedy from the newly established Upper Lachlan Council recently sent a submission to the State Government requesting financial assistance to drought-proof villages. His submission states:

During the recent drought Council water was carted to the villages of Bigga, Binda and Tuena under the former DLWC drought relief program. The residents are now seeking a more permanent solution to past water supply problems and are considering the construction of bores to obtain a reliable water supply.

Council has undertaken preliminary investigations and estimates for these works and has had discussions with the communities involved.

The communities have agreed to provide some seed funding, but they are looking to the State Government to provide a contribution to each village involved. I mention this because Tuena, Bigga and Binda are upstream users of water. When considering legislation such as this we must not forget upstream water users. We should not forget that the Southern Tablelands, the Central Tablelands and the south-west slopes are very important farming areas of New South Wales. We should not concentrate on the irrigators and major water users. Many of the farmers in my electorate and in the Central Tablelands, the south-west slopes and the Southern Tablelands would dearly love to drought proof their farms. At the moment they can harvest only 10 per cent of the water that falls on their land. The rain that does fall slips away from them and they do not know how long it will be

before they get more. The Hon. John Anderson and I were told repeatedly last week that farmers need to be able to drought proof their farms. What is in it for the upstream users and collectors? The focus is always on irrigators and major water users. We are upstream and we want to be able to run our farms the way we always have. I pass on that message because it is a very real issue in my electorate.

I would like the Minister for Infrastructure and Planning, and Minister for Natural Resources to clarify the point relating to domestic stock rights and water usage. Farmers cannot afford to lose any more of their rights, particularly those who are trying hard to keep their farms going during this drought. Cropping has not been very successful in the past couple of years. Many of my neighbours have tried to plant crops but have had to put stock on them and have lost the lot. The provisions relating to stock and domestic water rights are very important, as is protecting existing rights. The Minister referred to rapid rural subdivision of farmland and I know that that has occurred. What is the cut-off date? What rights will a subdivision developer have? Will any rights be removed? What about developments in the pipeline?

Mr Craig Knowles: We have never proposed that and your leader just acknowledged that.

Ms KATRINA HODGKINSON: I ask the Minister to address that issue in his reply to the second reading debate. I have raised the concerns presented to me by my constituents, and most recently at the launch of the Farmhand publication, which is an excellent document.

Mr DAVID BARR (Manly) [8.17 p.m.]: The Water Management Amendment Bill further amends the scheme for managing water in New South Wales rivers and aquifers traded by the Water Management Act 2000. The establishment of this scheme represented a major departure from the approach that had been traditionally taken to managing water in New South Wales and was a significant step forward for both irrigators and the environment. It allowed environmental needs to be taken into account in the allocation of water and it improved the efficiency of water use through an enhanced water trading market while also addressing the need for greater certainty for irrigators through clarification of the nature of rights to water. The Water Management Act 2000 severed water usage rights from land ownership, defined access to water in terms of available resources rather than volume, allowed for the development of water sharing plans and established a register for water entitlements.

These measures were all necessary to establish a better functioning water trading market and to assist in the meeting of environmental objectives. The bill before the House further modifies this water management scheme. It follows on from last year's agreement by the Council of Australian Governments on a national water initiative, and will further provide certainty for water users in managing and planning the use of water. The amendments include the conversion of existing water usage licences to licences in perpetuity, the extension of the water sharing plans, the involvement of catchment management authorities in water allocation, clarification of domestic and stock rights over water, and the establishment of a Torrens-style register for water access licences. While the conversion of the existing 15-year licences to licences in perpetuity will be warmly received by irrigators, there are some significant concerns about whether this bill will assist in meeting the scheme's claimed environmental objectives.

Before dealing with some of the specific issues, I would like to make some more general observations about the history and nature of water use in New South Wales. In July last year, the *Economist* magazine carried a special feature on water in which it discussed the various challenges the world is facing in managing access to increasingly scarce water resources. The authors noted that irrigation crises have befallen civilisations since the dawn of time, and cited the work of Sandra Postel in her 1999 book *Pillar of Sand*, which maintains that with the exception of Egypt, no civilisation based on irrigation has survived for long. It gave the examples of the Sahara, the plight of the Mayan civilisation, the sudden disappearance of the Hohokam Indians in the fifteenth century, Saddam Hussein's draining of the marshes of the lower Tigris and Euphrates, and Stalin's diversion of the rivers that fill the Aral Sea as evidence of the tragedies that can result from an overdependence on irrigation.

It also noted that the history of the American West is one of overexploitation of limited water resources, and that this has resulted in severe environmental side-effects and comes at a huge cost to taxpayers. Too often the attitude taken to water is similar to that of Stalin when he decreed that "water which is allowed to enter the sea is water wasted". Unfortunately, for many—including Australians—this attitude still remains. In Australia we have historically had a high dependence on our water resources for generating agricultural output. We live in by far the driest of the world's five continents—excluding Antarctica—and irrigation has been seen as vital to the success of our agriculture industry. Grand irrigation projects and schemes were first conceived in the colonial period, when India was taken as a model for Australia to follow. In the post-war period the use of irrigation was dramatically expanded following the construction of the Snowy Mountains Hydroelectric Scheme.

Since that time water use has continued to expand. On average, total use has increased by 65 per cent since the early 1980s, with the greatest increases being in Queensland and New South Wales. Today 80 per cent of the median water flow of the Murray-Darling Basin is taken for irrigation and other consumption. According to figures produced by the CSIRO, Australians now use around 24,000 giganalitres each year, which is enough water to fill Sydney Harbour 48 times. Around 80 per cent of this total water usage is for farming purposes. Information from the Murray Darling Basin Commission shows that environmental problems associated with irrigation became apparent soon after the first schemes were established. Rising watertables were evident along the South Australian Murray in the 1890s; in parts of the Murrumbidgee Irrigation Area in the 1920s; in the Cullawee Irrigation Area in the mid-1930s; and in the Wakool Irrigation District in the early 1950s.

Today few irrigation areas are without environmental problems. According to the Murray Darling Basin Commission by 2040, 1.3 million hectares of irrigated land is expected to be salinised or waterlogged due to high watertables, and by 2010 all irrigation regions within the southern basin will have watertables within two metres of the surface. River degradation and overuse of water has led to a loss of 50 per cent of the wetlands of inland New South Wales. Rising salt levels are threatening the water supplies of major cities and towns. Blue-green algae blooms and carp infestations are on the increase, while native fish and bird life is in decline.

The risks of irrigation in Australia have been greatly enhanced by the unique nature of the Australian landscape. Our continent has naturally very high levels of salt, an unusually high year-to-year rainfall variability, and a very low rate of river discharge. Unfortunately, our environment has been wholly unsuited to many of the European-style agricultural practices we have pursued. Despite this, and overwhelming evidence of environmental damage, for many people the old attitudes to water still persist. In protracted periods of low rainfall, such as that currently being experienced, it is still common to hear calls to turn rivers inland as part of a policy of drought-proofing the nation.

Over the past decade or so the growing awareness of the scale of the environmental problems caused by the over-exploitation of water resulted in considerable uncertainty for irrigators. An historical lack of clarity as to the nature of water rights raised the prospect of water entitlements being suddenly taken away from irrigators in order to restore river health. Banks, which had traditionally loaned money to farmers partly on the strength of their water entitlements, suddenly became wary of the security on which the loans were based. This not only created financial problems for irrigators; it was also argued that it impacted on the environment by decreasing incentives for investment in water-efficient irrigation technology, as this required a long investment time horizon.

Therefore, the two driving factors behind by the water reforms that led to the Water Management Act 2000 have been the need to provide sufficient certainty for water users to allow them to continue carrying on their businesses and the need to be able to manage water resources in a way that allows for environmental concerns to be taken into account. The bill will go along way towards further securing the first objective. Schedule 4 [13] deletes sections 69 and 70 of the Act and replaces them with a new section 69 that effectively converts the existing licences to licences in perpetuity. This conversion significantly reduces the risks for farmers and their financiers. It will assist many struggling rural communities to survive by putting businesses on a far more secure footing. Irrigators will be better able to plan for the future.

Certainty for irrigators may also be good for the environment if, as is often claimed, it means that farmers will be better able to invest in more efficient irrigation technology. While irrigators will welcome the increased certainty, it is far less certain whether the scheme will be able to deliver on the broader environmental objective of restoring river health and ensuring the sustainability of water usage. The first problem is that the provision of greater certainty to irrigators comes at the cost of a reduced ability of the Government to respond to future environmental problems. One of the consequences of the further development of the water trading market is that the cost of water will increase. This means that the cost of buying water for environmental purposes and compensating irrigators for reduced entitlements will also increase. This issue is likely to have been exacerbated by the absence in the bill of any environmental assessment prior to the conversion of leases, and the historical overallocation of licences.

Under the Water Management Act 2000, as it currently operates, access licences are granted on a 15-year basis. A subsequent renewal of the licence is only granted following an environmental assessment. The effect of the bill will be to allow for conversion to take place without any environmental assessment being undertaken. A better option would have been to make conversion conditional on an environmental assessment.

A time period of, say, three years could have been established after which all licences automatically converted. This would have given irrigators the certainty they require, while allowing for environmental assessments to be undertaken. By undertaking the assessments on a catchment-by-catchment basis many of the administrative obstacles that this process presents could have been overcome.

Another problem is that there are currently more licences than there is available water supply. This is due to the existence of "sleeper licences"—licences that have been previously allocated to farmers but were unused. As the price of water increases an increasing number of these licences are likely to become activated in the future, either by the farmers they were initially issued to or from being traded on the market. It must be asked whether sufficient certainty for irrigators' financial needs could not have been achieved without going so far as to grant the licences in perpetuity. It seems likely that by granting licences for a period similar to a bank loan, sufficient financial security could have been provided while allowing the Government greater scope to manage water in the interests of the environment.

A further significant problem with the scheme and these amendments is that they effectively benchmark water use at an already unsustainable level. Concern about the increasing rate of water usage led to caps being placed on the amount of water that can be taken from the river system, such as that imposed in 1994 in the Murray-Darling Basin. These caps have now effectively become the benchmark applied in the formation of the existing water-sharing plans. Report cards prepared by the Nature Conservation Council showed that most of these plans are inadequate and do not provide enough water for the environment. Indeed, the Nature Conservation Council recommended that most of the existing plans should not have been gazetted in their current form.

The situation can be compared to the approach being taken internationally to responding to climate change. At present the only real strategy is to attempt to cap the rate of greenhouse gas emissions to existing levels. Little is being done to ascertain the sustainable level of emissions and the steps that countries must take to meet this objective. Similarly, it is highly doubtful that simply capping water usage at present levels will be sufficient to improve river health. Proponents of the scheme might argue that this problem has been mitigated as water rights have been converted into a share of available water, rather than simply a set volume. The total volume of water provided for consumptive purposes can simply be reduced at a later time. However, a decision to reduce the amount of available water on environmental grounds is still likely to be highly contentious. At this stage no firm criteria have been established for making this determination, and there is debate about whether this will be science or policy based.

Some members of the community continue to question the current assessments as to the poor state of river health. This does not bode well for a later consensus on reducing the total amount of available water on environmental grounds. Despite this, it is clear that water usage will have to reduce from the current levels if environmental objectives are to be met. The future effects of climate change will exacerbate the impact of having benchmarked water usage at too high a level. This will lead to a further decline in available water resources. According to the CSIRO, over the next 30 to 70 years projected annual rainfall will tend towards a significant decrease in south-western Australia and in parts of the south-east and Queensland, with all areas experiencing much greater volatility in rainfall patterns. That means that within 30 years or so the frequent and lengthy periods of low rainfall that are already a natural part of the Australian landscape will become even more commonplace.

It will become less relevant to speak of drought as an absence of rain for sustained periods; it will simply be an ever-present feature of agricultural life. By simply allowing for climate change it is likely that there will need to be reductions of around 1 per cent a year in total water consumption. If river health is to be improved from its current state, water usage will need to be reduced at an even greater rate than is currently envisaged. While a functioning water market may help to reduce some of the irrigators' opportunity costs from reduced water allocation in the future, more water from the environment will, nevertheless, mean higher costs to farmers through forgone production and higher water charges. At this stage there has been no agreement as to who will bear those costs, and that continues to be debated at a national level.

Irrigators have made it clear that they expect any future reduction in water entitlements on environmental grounds to be matched by compensation. Most people now generally seem to accept that the cost of repairing the environment will be borne by the community as a whole. In effect, the cost of reducing financial risk to irrigators through this bill will increase the environmental and financial risks and costs for the whole community. This issue also reinforces the fact that the market must only be regarded as a tool for helping achieve environmental goals. Direct government intervention will ultimately be required to reduce the total amount of water consumption.

Attention needs to be given to consultation mechanisms prior to the implementation of the new water-sharing plans. Under the Act as it currently stands the making of a water-sharing plan is subject to the consultation process provided for in part 3 division 8. In his second reading speech the Minister noted that this was a feature of the 2000 Act. If this bill passes through both Houses in its present form it appears that these consultation provisions will become operational. That means that water-sharing plans will be able to be made perhaps without proper input from environment groups, the community catchment management authorities, local government or other interested parties. That is an issue that this House must deal with. We face serious water issues in this country and it is disappointing that the Federal Government, which is the main player and has a budget surplus in excess of \$10 billion, did not have the vision to come up with a more coherent scheme for protecting our environment, for investing in alternative energy models and for doing more for our rivers. That is a travesty.

Mr DONALD PAGE (Ballina—Deputy Leader of The Nationals) [8.32 p.m.]: Having been shadow Minister for Land and Water Conservation during the passage of the Water Management Act 2000 I am more than aware of how complex water management is. We have come a long way since 1998 white paper on water management. I specifically remember that the white paper contained no compensable element in relation to loss of water entitlements. Six years later it gives me some pleasure to take part in debate on a bill that assumes, for the most part, that a water property right is inherent in future good water management.

I compliment the former Minister, Richard Amery, for his carriage of the Water Management Act. During its passage there was serious consultation between the Government and the Opposition, myself in particular, on that comprehensive and complex legislation. To the credit of the then Minister, he accepted about 10 amendments moved by the Opposition that had the effect of providing additional security, particularly for water users, while at the same time protecting the needs of the environment. I am pleased that the current Minister has been prepared to work in a constructive fashion with the Federal Minister, John Anderson, to try to progress that agenda in a way that will achieve what everyone involved in this matter wants to achieve, that is, future security for water users, provision for the environmental flows necessary for a sustainable river system, and a package with the capacity to be flexible should circumstances change over time.

As a general comment, the bill is an addition to the agenda that has been set out for us. Where the bill provides, as it does in many instances, additional security vis-a-vis the register, vis-a-vis the compensation element and so on, it is consistent with the original objectives of the Council of Australian Governments and, more recently, the water management initiative. The presence in the gallery of the Chairman of Murrumbidgee Irrigation reminds me of the tremendous contribution made by many people, particularly during the past six or seven years, to the development of water management plans in this State.

I am also reminded of the way in which people have worked together from slightly different perspectives to come up with a solution that will achieve the objectives I have outlined, namely, the security of water as a resource for those who need it and the provision of proper environmental flows. The contribution of literally hundreds of people needs to be acknowledged. We could condemn 72 committees and so on. During the last election campaign I was the first person to say those committees needed rationalisation. However, having said that, I emphasise that it is not a criticism of those on the committees; they have worked hard and produced some commendable water management plans.

The age-old problem of what happens to water users prior to the implementation of the water management plans has always been a concern, because the legislation provides for a compensable water right during the life of the plan. It would make sense for the Government to take away whatever water it thinks it might have to take away from productive users prior to the implementation of the plan because they do not have to pay for that water, whereas later on, if the right occurred during the life of the plan the Government would have to pay for the water. I ask the Minister to give an assurance that there are not likely to be huge surprises between now and the time the legislation takes effect and the plans are gazetted next month. Having put the legislation through Parliament, I assume the Minister will not say there are a lot of new environmental flow regimes that users have not been told about. I assume, from the way that the Minister is responding, that those who have plans in place can reasonably expect that the flow regimes identified in those plans will come to pass.

A fairly tricky issue is what will happen in years eight, nine and 10 of a plan. That is a concern because, as I understand it, at the end of year 10 reviews can occur and any reduction in the allocation of water to productive users at the end of that period is non-compensable. What happens in, say, years seven, eight, nine and 10 if a person wants to borrow money from a bank and his water entitlement is effectively limited to the life of the plan and the life of the plan is coming to an end? What security does that person have when he seeks to borrow money against that particular water entitlement? I do not see anything in the bill that addresses that question.

Mr Craig Knowles: Your leader read out a letter from the Australian Bankers' Association.

Mr DONALD PAGE: If that is the case that is a positive move because that has been a matter of concern. In relation to items [2] and [3] of schedule 2, which relate to domestic and stock rights, it was put to me today that there could be a concern about the reduction in the stock and domestic entitlement as a result of subdivision. There could then be a question as to whether that would lead to a problem for stock. On reading new sections 52 (2) and 52 (3) my understanding is that stock watering will be unrestricted. A problem with stock will only occur if a person wants to put in a commercial operation such as a feedlot or something similar.

Mr Craig Knowles: It remains a right.

Mr DONALD PAGE: Because only a certain number of stock that can be put on 100 acres. If the area is one lot of 100 acres or if it is divided into 10 lots the number of stock is roughly the same. The question is whether the stock will be adequately catered for under the new arrangements. The Minister is indicating to me that that will be the case, and I accept that. Caveats have always been a touchy subject because people who thought they had water security regard a caveat as a mechanism to be used by the Minister to remove that security and, in effect, to remove their water right. I do not profess to be an expert because I am no longer the shadow Minister, but schedule 3 [5] does not specifically remove those concerns about caveats. I ask the Minister to address that important matter in reply.

Mr BRAD HAZZARD (Wakehurst) [8.40 p.m.]: The Liberal Party and The Nationals will not oppose the bill, although we have some concerns about various aspects of it. Initially, I acknowledge that, as the former shadow Minister for the Environment, I have an interest in environmental issues and the way they affect farming in rural areas. Shortly after I became the shadow Minister for the Environment in late 1997, I was approached by various environment groups, including the Nature Conservation Council. I was given some assistance by Cathy Ridge, an environmentalist working on the provision of water. She opened my eyes to a number of water-sharing issues and the requirement for environmental flows. I remember going to the Murray River and talking to farmers about the provision of water, the security of water and the need to strike a balance between the provision of water for environmental purposes and the provision of water for farmers.

In 1997 it struck me that some of the traditional angst that had existed between farmers and environmentalists was melting away and that there was new hope and a reasonable chance on the horizon of farmers and environmentalists finding some middle ground. Obviously, there will always be extremes, but the bill partially reflects an attempt, through the national water initiative, to address some of the issues that need balance. Previous Coalition speakers, and the Minister in fact, have outlined the importance of preserving water for environmental purposes as well as giving water resource security to irrigators and farmers who rely on that water for their livelihood. In that sense, anything that moves the agenda forward with collaboration and co-operation is worthy of support from this Parliament, and although we have some concerns about some aspects of the bill we certainly will not oppose it.

The honourable member for Ballina, as shadow Minister at the time, spoke about the debate during the passage of the Water Management Act 2000. I recollect the earnest discussions that took place at that time and I congratulate him on taking the Coalition through a difficult issue. He worked with the Government to try to improve the legislation. For that reason the Coalition has credibility when it expresses both its concerns about the bill and its support for it. I am particularly concerned about guarantees of water in perpetuity. Currently, those who have water licences as part of water-sharing plans will expect that when the legislation is enacted, they will be given some sort of title, which the Minister referred to in his second reading speech as being analogous to a title under the Real Property Act. When the honourable member for Ballina referred to indefeasible title, the Minister interjected across the Chamber and said, "Your leader has read the Australian Bankers Association letter," and that is absolutely true. The Leader of The Nationals noted the position of the Australian Bankers Association as follows:

An indefeasible title is not only required to protect the interests of mortgagees, it is also essential to protect and give confidence to purchasers of Access Licences and to ensure that all owners of Access Licences are protected from unauthorised dealings. A secure and efficient title system will also minimise conveyancing costs and time.

I do not know whether the quote addresses the concerns of the honourable member for Ballina; it certainly does not address mine. The letter asserts that bankers believe that if indefeasible title is to be given to users of water pursuant to the water-sharing plans, that is a good thing. It suggests that will secure the value of the water entitlement. I have some problems with that, because undoubtedly the analogy that was put to the bankers was that the proposal is similar to a title under the Real Property Act 1900. I can see some marked differences.

First, anyone who has title to land in New South Wales has that title for his or her lifetime and that title can be assigned to heirs, executors, administrators and assigns generally. You can do with it as you will. No-one says that after 10 years their entitlement to that real estate will be revisited. The bill proposes that in the latter part of the 10-year plan the Minister will have absolute power over the water-sharing entitlement. That is not a personal reflection on this Minister, although I am not sure I would trust some of his colleagues, such as Minister for Energy and Utilities and others, with that right. The Minister may take advice from the Natural Resources Commission, but he will have the absolute right to say a user is no longer entitled to any water or to a certain amount of water. If that is the case, the water entitlement will be worthless.

Mr Craig Knowles: They will have to be compensated.

Mr BRAD HAZZARD: The Minister has interjected; I do not mind having a debate across the Chamber.

Mr Craig Knowles: Talk about the compensation regime and compare it to the Real Property Act.

Mr BRAD HAZZARD: The Minister interjects with a slight element of arrogance. I hope that was not his intent. This is a serious matter because if the plan is concluded after 10 years and the water entitlement does not continue, where is the comparison to the indefeasible title offered to real estate owners in New South Wales under the Real Property Act 1900? There is no comparison at all. The Minister, in his commentary across the Chamber, has raised compensable rights. If that is to occur, it should be stipulated clearly in the bill.

Mr Craig Knowles: No. I spelt out in the second reading speech that the risk management model is a matter for COAG. You are taking it out of context.

Mr BRAD HAZZARD: The Minister is now indicating, and I hope Hansard has noted it—

Mr Craig Knowles: It is in *Hansard* already. That is the point. You should not come in here playing suburban lawyer without having read the entire second reading speech.

Mr BRAD HAZZARD: The Minister did not need to indicate that. Perhaps I was wrong to say that he is a Minister who can be trusted on this issue. On that basis, perhaps he is not. It is an absolute right that farmers, irrigators, users of the land and holders of a water resource entitlement under the water-sharing plans should be entitled to have, and it should be enshrined in legislation. The bill should contain an absolute guarantee that they will have a compensable right. The Minister should not make the analogy. He should not mislead the bankers, the farmers or the irrigators about it being an indefeasible title, because it is not. The Minister holds in the palm of his hand the power to remove the title.

An irrigator with a farm on the Gwydir River or the Murrumbidgee River with rice and citrus trees does not want to risk the Minister saying he has changed his mind and the irrigator will not have the water in a few years time. The irrigator does not want other pressures placed on him. It is not indefeasible title. That is anything but indefeasible title. That is as far away as one can get from indefeasible title. The Minister should not stand in the brass and mahogany club in Macquarie Street and tell farmers across the State that they will get compensation even if their livelihoods and farms are destroyed. That is not an acceptable approach. If that is the approach, the Minister should revisit it. Indeed, such issues should be considered carefully in terms of the national water initiative, because that is not what farmers and irrigators are being led to believe. It is certainly not what the Opposition was led to believe. This bill should address that issue. I had intended to raise other matters but in view of the hour I will not.

Mr Craig Knowles: Bless you.

Mr BRAD HAZZARD: Perhaps I should. The Minister has indicated that he blesses me for that. He cannot keep a good suburban lawyer down. The problem is that the Minister, like his colleagues, cannot entirely be trusted when it comes to some of these issues. The Minister for Energy and Utilities looks after water in Sydney. Recently an email was sent to all his colleagues at Sydney Water, which stated:

As you would be aware, we are conducting extensive reviews into SWC's Risk ... Bruce Ferguson has gone on leave—

Mr Craig Knowles: Point of order: I do not want to stop a suburban lawyer from making his point. However, he is now referring to emails from the Minister for Energy and Utilities—

Mr BRAD HAZZARD: No, it is not from the Minister for Energy and Utilities. The Minister was not listening.

Mr Craig Knowles: —or from someone in Sydney Water, which are irrelevant.

Mr DEPUTY-SPEAKER: Order! I uphold the point of order and ask the honourable member for Wakehurst to return to the leave of the bill.

Mr BRAD HAZZARD: I was saying that the email states that Bruce Ferguson has gone on leave while investigations continue into the major \$7 million insurance fraud at Sydney Water. I am saying—

Mr Craig Knowles: Point of order: Clearly the honourable member is trying to read some other material into *Hansard* to make a point about another political issue, which is terrific. However, there is a time and a place for all of that, and this does not happen to be it. This debate is about a specific bill before the House and an email is not within the leave of the bill.

Mr DEPUTY-SPEAKER: Order! I uphold the point of order. The honourable member will return to the leave of the bill.

Mr BRAD HAZZARD: Next time the Minister might get his indefeasible title details right. If he keeps his comments about lawyers to himself and deals with the issue then he will not cop that sort of reaction from me. [*Time expired.*]

Mr IAN ARMSTRONG (Lachlan) [8.55 p.m.]: I suppose it is crass to say that few pieces of legislation to come through this Parliament will have greater ramifications on the economy, the social structure and the quality of life in New South Wales over the next 25 years than this bill. As we all appreciate, after land title, land usage and the environmental management of land, the next important and essential factor in capitalising on land is water. Somebody once said the *Bible* tell us that there were fights about water about 2,000 years ago. The Americans have a saying, "Whisky is for drinking and water is for fighting about". Unfortunately, that has been the case.

I would like to think that because of the newfound relationship between the Commonwealth and the State in relation to water, and particularly the incumbent Ministers in both places responsible for water issues, that with this legislation we have taken one giant step forward towards having a more satisfactory result in how we manage water for the betterment of the environment and, in particular, for the betterment of industry and our communities. I use the word "communities" advisedly because this legislation relates almost essentially to agriculture and the environment. However, all communities in this State, particularly those near river systems and horticultural communities, such as Young, the largest cherry producing area in the world today, are dependent on water. And the two cannot be divorced. The web that is being encompassed in this legislation is total across the State.

I have a number of points to make and I do not want to go into too much detail. However, I remind the Minister, his department and the Government of some factors that need to be put into *Hansard* because if there is a court case down the track the magistrate or judge may decide to refer to the second reading speech and the debate in this Parliament. The first matter relates to industries and towns that are not on watercourses, such as Young, to which I referred earlier. As I said, Young is a major horticultural area and is dependent almost exclusively on run-off water. We know that the maximum water catch is 10 per cent. The impoundment of water in the Young district is causing grave problems for the sustainability of the existing orchard industries and the allied support that goes with them. There is a likelihood that some of Young's horticultural industries will go out of production because of the lack of a continuous water supply.

In recent times a second, much deeper aquifer at approximately 200 metres has been discovered on the southern side of the town. That is assisting that area so much that we have seen the development of 36,000 cherry trees in the Wombat region. Nevertheless, on the northern, traditional side of the town that does not apply. There are moves afoot to try to recycle waste water from Young throughout the northern side of the community. That should be taken into consideration when we are looking at future water usage from a holistic point of view. The next point I address is the ownership of water. There is a play on words. We talk a lot about the ownership of water. However, this bill has nothing to do with ownership of water. It relates to ownership of the license to extract and collect water. It does not let people own one drop of water. The licensee does not own the water.

It is important to understand that the bill relates only to access to water. The water belongs to the Crown. That is the simple fact. Anyone who thinks that there will be water ownership when this legislation goes through, which it inevitably will, does not understand that only access to the use of water might be available. For instance, there is virtually no water available in the Lachlan system at the moment. Today the Wyangala dam is a fraction under 9 per cent of its capacity. Few irrigators had water 12 months ago. Few irrigators have any water opportunities at the moment. Unless there is major rain between now and about the end of August there will be virtually zero irrigation for next season.

We are talking about a licence to extract water when it is available. I shall digress for a moment to say that twice in the past fortnight I have raised in this House the fact that the Government is still charging people for infrastructure and for the staffing of that infrastructure, despite the fact that it cannot deliver water. This afternoon I drew the analogy that if a man with a service station cannot supply petrol and can only supply the infrastructure, he cannot charge for petrol. The Government should not be allowed to charge people for water unless they can access supply. My main point is the ownership of the right to extract water. It worries me that the price of water in the Lachlan Valley has risen 50 per cent in the past six weeks. It has gone from \$400 a megalitre to more than \$600 a megalitre for permanent transfer. Temporary transfer is running at \$160 to \$180 a megalitre. That is a seasonal matter.

Let us forget about the seasonal factor and talk about permanent transfer. The price has risen by 50 per cent because, with the benefit of Commonwealth and State Government support, water is about to become a tradeable commodity. That means that a market is being created for investors who will not necessarily be growing grapes, rice, asparagus and cherries. They are interested in growing money. I ask the Minister to seriously consider the water baron—I do not like that term very much—scenario and how it may well affect the marketplace and therefore the viability of water users. Why do I worry about the viability of water users? For one simple reason: If we want to achieve technological improvements in water usage in this State, the viability of those users is paramount. We have to be able to demonstrate to them, so they can demonstrate to their bankers and advisers, that it is economical for them, at the current value of licences to extract and the cost of production, to borrow money and have a reasonable chance of repaying it within 10 or 15 years. These days, most of these loans are for 15 years and most banks and financial organisations offer loans on an interest-only basis for that term.

Irrigation technologies have improved dramatically in recent years. There is drip irrigation and ribbon irrigation. Only the other day I spoke with the Minister about some of the demonstrable benefits of ribbon irrigation at Tandow at Menindee Lakes in the west, where some 4,000 acres of cotton are on ribbon irrigation. I am suggesting that we have to look at this holistically. It has to be profitable. The water barons will not add anything of real value to the better usage of water. If it becomes a dealer's market in the same way as taxicab licences, hotel licences, or poker machine licences, we will have missed the point and will not get the efficiencies we all want to achieve.

In the past few days stock and domestic licences have been discussed around Parliament because of a considerable amount of rural subdivision, particularly in the Southern Highlands and other areas within three hours drive of Sydney. A lot of rural properties are adopting the local environment plan model of a minimum subdivision of 40 hectares. The owner of each of those subdivided blocks is entitled to apply for a stock and domestic licence, which they may or may not use. If there are 20 blocks of 40 hectares—a couple of thousand acres in the old days—there could be 20 bores or 20 owners looking for a stock and domestic licence. The Government has to address how it will manage that. There has to be a free flow of water through the system. It is not reasonable that every person who purchases a subdivided 40-hectare block is entitled to have their own bore and their own system.

That has to be managed carefully because the question then arises of what is a viable agricultural block? I suggest that the Commissioner of Taxation's definition or determination is probably the fairest and most equitable. That is, if the Commissioner of Taxation accepts a block as being appropriate for primary production—usually on the basis that it has had a turnover of \$50,000—that would be a fair benchmark for entitlement to a stock and domestic license, but I would have some reservations about anything under that.

In principle the bill is a giant step forward. In practice it remains to be seen whether it will achieve the wishes, goals, and objectives of the Government and the wishes of the public sector, the private sector, and the environmental movement. I suggest that the bill will need constant review, probably over the next five years, until such time as we go through some seasonal conditions, until we see how the marketplace is going to react to new water values, and until we see how the banking sector and the water users sector react and whether there

will be more intensive horticultural and broad acre industries as a result. Anybody who thinks this bill will satisfy all those demands does not understand the complexities of water and the complexities of trying to legislate on virtually a greenfields site.

Once again, I ask the Minister to seriously think about the water baron issue, which is a major difficulty across the State. I remind the Minister that if this project is to succeed, it has to be financially viable and we have to ensure that we have the support of the banks and the confidence of the industry to make it work. Unless the industry has confidence, we can talk until we are blue in the face but it will not work. It has to be from the bottom up, not from the top down.

Mr ADRIAN PICCOLI (Murrumbidgee) [9.05 p.m.]: I am pleased to speak to the Water Management Amendment Bill. The Murrumbidgee electorate encompasses three of the largest irrigation corporations and probably three of the most important irrigation areas in New South Wales. Certainly the electorate's economy and its towns rely heavily on irrigation. The first question is why is this legislation so important? The mechanics of the Water Management Amendment Bill and the Water Management Act are not necessarily the most important part of what we are dealing with here. The purpose of the bill and the original Act is to try to come to grips in New South Wales with the important and vexed issue of water management, and to deal with the often conflicting use of water for agricultural production and the environment.

This is becoming an increasingly important issue in New South Wales, not just for rural communities, particularly in western New South Wales, including my electorate, but also for New South Wales and Sydney in particular. People are very conscious of the environment and in many ways people are looking for things to blame and for quick and easy solutions to our environmental problems and to our perceived environmental problems. The Water Management Act and all of the significant changes that have been made to it since 1995 have all dealt with this very complex problem.

It is important to remind people that it is complex and, as with all complex problems, there is not necessarily a simple solution. The solutions to this problem are complex. This bill will make some amendments to the Water Management Act, and the Coalition will not oppose them. In many ways they are a step in the right direction, certainly as far as my electorate is concerned. One of the really illustrative things we can consider when debating whether to give licence holders greater security, which ostensibly is what this bill is about, is what is happening in western New South Wales and northern Victoria and where irrigation is providing the greatest value.

In New South Wales and northern Victoria the higher the level of security the greater the level of development and the greater the level of secondary industry. The greatest development and the greatest increase in secondary industry and resultant employment in my electorate are to be found in Griffith and Leeton, with the amount of high security water that is to be found in the Murrumbidgee irrigation area, and in northern Victoria at places like Mildura, where there are significant amounts of high security water. This illustrates the importance of security. Generally, a security holders' access to water is ultimately determined by the weather but in the past 10 years it has been very much subject to government policy changes as well.

Irrigators along the Murrumbidgee and the Murray have had their access to water significantly reduced. The water-sharing plans at least give some sort of framework for irrigators prior to the water-sharing plans being developed. They are soon to be introduced. Irrigators are absolutely subject to the whim of any government. Water access licences were held only by the grace of whatever party happened to be in power. Water-sharing plans have been a step in the right direction, and the granting of access licences in perpetuity under this amending bill is also a small step in the right direction, to allow them to invest in their businesses with security.

Irrigators are searching for access licences in perpetuity. Water-sharing plans attached to licences at the moment have a 10-year life. I would like to see the period extended beyond 10 years. I shall use my family's farm as an example. The water access licence will be for a fixed amount of megalitres but the water-sharing plan attached to the licence should state exactly how the water in the irrigators' valley is going to be split between the competing interests, so they have some certainty for at least the life of that water-sharing plan. That is absolutely critical. Also attached to the licence should be documentation on how compensation will be calculated if there is a change in government policy and if water-sharing plans are changed within the 10-year period and the licence holders have their access to water reduced. That would go a long way to providing the sort of security that irrigators not only need but are entitled to.

Provision should also be made for when water-sharing plans are rolled over. Deciding the day before a 10-year plan ends what the next 10-year plan will be would not provide security and certainty for irrigators in the final stages of the previous water-sharing plan. These are very complex matters. The Minister and his

department are in negotiation with the Irrigators Council and various environmental groups. We all understand the great complexity of water and river management. There will be no easy solutions; it will be very complex. But I urge the Minister and the Government to come up with these complex answers. The greatest mistake we can make in water management is to implement simple solutions, because they will only make the situation worse. I was reminded today about many of the misconceptions about the riverine environment. The point was made to me today that most of the trees that are dead along our rivers in western New South Wales have been killed by too much water, not by too little water. It is not so much how much water we allow to flow down rivers; it is a question of what we do with the environmental flows. Many things can be done to manage environmental water to give us better environmental outcomes.

Again, many people suggest that the simple answer to fixing our rivers is to put more water down them, but the solution is not as simple as that. The complex solution is to do better things with the water we put down our rivers. It is not just about the environment; it is also about the economy in western New South Wales in places such as Griffith and Leeton and along the Murray Valley. The economies there are very strong, particularly compared with other areas in western New South Wales that are suffering during the drought. They are strong because there is irrigation there and there are good farmers who have good farm practices.

Irrigation corporations are acting responsibly and are responding to the needs of the environment and of their shareholders and farmers. We have to consider the environment, the economy in western New South Wales and also the communities that live there. Many people who live out there are not directly employed on farms but are wholly and solely dependent on the future of farming and irrigation farming. The teachers, nurses and small business operators that are dependent on irrigation should be considered as well. In conclusion, this is a very complex problem and we need to be implementing complex solutions. Simple solutions will only make the problem much worse.

Mr ANDREW CONSTANCE (Bega) [9.17 p.m.]: The Coalition does not oppose the bill. The arguments in favour of it are substantive but some of the concerns about the bill have been discussed tonight. I represent the Bega electorate, which is a coastal strip. The Minister stated in his second reading speech:

Currently, under the Water Management Act 2000, people who live next to a river or lake can take water without a licence. This is a stock and domestic right. There are no plans to change this basic right. However, there is a problem that growth in these rights through land subdivisions and inefficient or excessive use of stock and domestic rights can have potentially significant impacts on the rights of other licensed water users and the environment. This is a particular concern on the coastal strip where, through subdivision, a single right suddenly expands 20 or 30 times, without any real thought of the overall impact.

In the Bega Valley many dairy farmers are attempting to subdivide parts of their property. I ask the Minister, in his reply to the debate, to clarify this statement in his second reading speech:

The Government is determined to take a fair and practical approach to this issue. Under this bill, the Minister will be able to formulate guidelines on the reasonable use of stock and domestic rights. The preparation of such guidelines will involve extensive public consultation; indeed, it will require a partnership with farmers and their representatives to formulate guidelines and successfully implement them.

I am concerned about that and I would like more details and assurances from the Minister. How will that public consultation be achieved and who will be involved in the decision-making process? It will be a significant issue in the Bega Valley. I will not reiterate the arguments put forward this evening about the indefeasibility of title, but there are obvious and significant benefits in having a sensible Commonwealth-State approach to these issues. On that basis the Opposition will not oppose the bill. However, I seek assurances from the Minister about the stock and domestic rights guidelines that will be developed.

Mr MICHAEL RICHARDSON (The Hills) [9.20 p.m.]: Water supply is one of the most important issues facing our nation today. We live on the driest continent on earth with a highly variable climate and skeletal soils, and we have superimposed European farming practices on that very fragile environment. That has been done at very considerable cost. The Murray-Darling system is the worst affected area. It accounts for some \$10 billion of agricultural production and supports about two million people. In addition, 80 per cent of median flow of the Murray-Darling system is diverted for irrigation, excluding Adelaide water. That has created significant problems not only for river flows but also for salination.

The Murray-Darling Basin was once under the sea and when native plants with deep roots and high water demand were growing there the naturally occurring salt was kept in balance. We have changed that balance by clearing the land and planting shallow-rooted annual crops and, as I said, superimposing European farming practices. Irrigation has raised the watertable and brought salt to the surface. According to the Murray-

Darling Basin Commission, salinity has now destroyed 200,000 hectares, at a cost of \$243 million a year in lost production. Over the next 100 years up to five million hectares will be lost.

Against that background the Government introduced the Water Management Bill in 2000. It established fundamental objects and principles for protecting water sources and ecosystems; created the platform for a water market through water-sharing plans, clearly defined access entitlements that are separate from land ownership and a water register; established the principle of adaptively managing the resource in light of new information; and ostensibly introduced a more inclusive process for making decisions on allocating water. Since then, 36 water-sharing plans have been developed, accounting for 80 per cent of water use in New South Wales. As the honourable member for Murrumbidgee said, that has been a step in the right direction. However, as I think the Minister will agree, the legislation has not been perfect.

Last August the Council of Australian Governments [COAG] signed off on John Anderson's national water initiative. Its objects were to improve the security of water access entitlements, including the clear assignment of risk of reductions in future water availability and by returning overallocated systems to sustainable allocation levels; to ensure ecosystem health by implementing regimes to protect environmental assets at a whole-of-basin aquifer or catchment scale; to ensure that water is put to best use by encouraging the expansion of water markets and trading across and between districts and States, involving clear rules for trading, robust water accounting arrangements, and pricing based on full cost-recovery principles; and to encourage water conservation in our cities, including better use of stormwater and recycled water. Of course, this bill does not deal with that objective.

The Minister said that when the Deputy Prime Minister announced the national water initiative he saw the opportunity to enhance and build on our reforms as they align with the major elements of the initiative. I wonder whether he did not see the opportunity to fix up some of the considerable problems inherent in the Government's own legislation. COAG, under prompting from the Commonwealth, forged an agreement to tackle the environmental problems confronting the Murray River. Five Governments committed to contributing \$500 million to improve the environmental outcomes on the river system. Honourable members will remember how that happened and that the New South Wales Government played hard to get. There will inevitably be winners and losers from these reforms. In his second reading speech the Minister said that access reductions are needed for the Namoi, Gwydir, Murrumbidgee, Murray, Lachlan and Macquarie groundwater resources. Many people have been concerned about that for some time. We are taking more water from the aquifers than they can sustain. That is particularly true during very dry periods when there is no recharge.

The bill gives most categories a perpetual access share entitlement, rather than the 15 years entitlement currently provided. That is consistent with the national water initiative. It enables the Minister to extend water-sharing plans on the recommendation of the newly formed Natural Resources Commission, gives catchment management authorities a role in water management, and provides a link with catchment action plans. The bill also amends the Water Management Act relating to domestic and stock rights and water usage. That issue is important, particularly when rural blocks are being subdivided. A 100-hectare block might be subdivided into 10 ten-hectare blocks. The amendments limit those rights to protect existing usage rights and environmental water.

The bill also provides for the keeping of a water access licence register and enables the holder of an access licence to transfer the water entitlements conferred by the licence to another person for a specified period of not less than six months. The Leader of The Nationals referred to that issue. The bill also amends the Catchment Management Authorities Act to provide for the establishment and operation of environmental water trust funds by catchment authorities in connection with their environmental water functions. Those provisions are consistent with the fundamental principles which were agreed to by COAG last year and which underpin the national water initiative.

Most categories of access share entitlement will be given perpetual duration rather than the 15 years currently allowed. Some green groups have opposed that provision, saying that it will be a recipe for environmental disaster and will cause the extraction of more water than the environment can sustain in perpetuity. In fact, this amendment will provide investment certainty for farmers, which can lead to better, not worse, environmental outcomes. For example, the Murray Wetlands Working Group has delivered 30,000 megalitres of water to wetland systems that have been dry for 40 years. That water was provided by Murray Irrigation Ltd in exchange for capital funding to improve local irrigation channels and make water savings. It is a win-win situation for the environment and local irrigators, because they will be able to use their water more efficiently.

The bill also provides for catchment authorities to establish trust funds to acquire and manage adaptive environmental water, and a Water Innovation Council will be established to progress the innovative use and saving of water. The bill contains many good provisions, but it is not all positive. The fact that such a

substantive bill has been introduced points to fundamental problems with the Act. For example, new section 8 changes the classes of environmental water. The Act provides for "environmental health water", "supplementary environmental water" and "adaptive environmental water". That has been amended to two classes of environmental water: "planned environmental water" and "adaptive environmental water", which is water that is provided through water licences.

In his second reading speech the Minister said that "the distinction between environmental water provided for fundamental environmental purposes and water provided for specified environmental purposes is artificial and is causing unnecessary confusion". I think that issue was raised when the original legislation passed through this House. The Minister also said that it is unclear whether the environmental health water rules must specify a particular flow that must be present at all times, even though it would be environmentally damaging in many rivers to require that all plans specify some constant flows. I am sure that members of this House would realise that Australia, unlike Europe, does not have rivers that flow all the time, that some creeks and rivers dry up and at other times flood; that is the way the Australian environment has evolved. I am astounded that the previous legislation was drafted in such a way that it may have been considered that the rivers flow permanently.

The Minister pointed out a further problem in the existing legislation relating to mining operations. He said that mining operations near groundwater sources require an aquifer interference approval, but that the range of activities that can be authorised by one of these approvals is too narrow. For example, they do not allow for incidental removal of water, which frequently occurs during mining operations. Mining operators are therefore forced to obtain an access licence to remove the water. The Minister described the process as being unnecessarily cumbersome. I am surprised that these issues were not addressed when the original Water Management Bill was introduced in this House. I believe that that bill was not brought before us simply because of the national water initiative. The national water initiative provided an opportunity for the Minister to tidy up some of the problems associated with the original legislation. The honourable member for Lachlan said there would be more changes over the next five years. I agree with him. Indeed, I believe that under this Government water legislation may well be seen as a work in progress.

Mr GREG APLIN (Albury) [9.33 p.m.]: I speak briefly to the Water Management Amendment Bill. In his second reading speech the Minister for Infrastructure and Planning, and Minister for Natural Resources said:

We must recognise that water for any purpose is not a free good. It comes at a cost.

The Minister's words reminded me of a song I knew many years ago:

Freedom isn't free
You gotta pay the price
You gotta sacrifice
For your liberty

One could substitute the word "water" because it is such a vital part of life. Indeed, water is life, and the bill is important in that context. With regard to perpetual water licences, there is no doubt that defining water access entitlements as "open-ended" or "perpetual access" to a share of the resource—with the attendant bankability, reliability and compensation at market rates—will deliver a substantial benefit to those in my electorate who are fortunate enough to have a pre-Murray-Darling Basin cap licence. The focus could also be placed on urban supplies. Town licences should retain some form of high security status. I do not support the notion of specific purpose licences for town supplies of "no fixed term". Town supplies should have a similar status to, or more secure status than, other access entitlements; they should be open-ended or perpetual.

I turn to the allocation of water between consumptive use and the environment. The proposal to "link the review of water sharing plans with arrangements to monitor progress in achieving catchment health objectives in catchment action plans" can be supported if the following questions are answered. How will the monitoring process be undertaken? Over what time frame will "achievement" be measured, given that river health improvements may not manifest themselves for many years? Water authorities should have the same freedom to trade water savings on the temporary trade market. This is seen as a positive way of encouraging and rewarding, albeit to a limited extent, regional water bodies that develop and implement water conservation programs, particularly during periods of drought and water shortages. We must consider the impact on local government rates of separating water from land. We also need to consider subsidies or incentives for water efficiency and reuse initiatives. This would represent a good return on investment. Regional water authorities

would find it difficult to raise the capital required to fund effective reuse initiatives. We should be encouraging urban water reform, and encouraging industries to become more water efficient. In that sense the bill should address the removal of red tape with respect to using grey water, reclaimed water, stormwater and groundwater.

Mr CRAIG KNOWLES (Macquarie Fields—Minister for Infrastructure and Planning, and Minister for Natural Resources) [9.35 p.m.], in reply: I thank all members who contributed to this debate. I will take a little time to respond to the matters raised.

[Interruption]

As the honourable member for Lachlan would be well aware, my replies in second reading debates are usually brief because most of what I needed to say is usually in the second reading speech I deliver when introducing a bill. That remains the fact in this case. I commend the second reading speech to the honourable member for Wakehurst, in particular, because it may provide him with a better understanding of some of the finer points of the bill. It seems that the contributions of members opposite got sketchier and more hazardous as their electorates moved closer to the coast. Concerns were expressed by the honourable members representing the electorates of Burrinjuck, Bega and Ballina, among others, about the stock and domestic rights. I confirm my comment in the second reading speech:

... under the Water Management Act 2000, people who live next to a river or lake can take water without a licence. This is a stock and domestic right. There are no plans to change this basic right.

I recall that I wrote that provision in the second reading speech to provide an assurance to people who have always had that basic right, particularly those in rural communities, that it will remain. Equally, organisations such as the NSW Farmers Association and irrigators around the State have told me that they are concerned about the proliferation, particularly on the coastal strip, of small rural subdivisions, especially where suddenly one stock of domestic has become 20 or 30 and as a consequence that creates pressure, particularly for the historic rural activities and the capacity of farmers to maintain access to water. I note that in its press release welcoming the Government's bill the NSW Farmers Association makes specific reference to this provision. The press release, which is dated 17 May, states:

Farmers downstream of areas undergoing rapid land subdivision that may threaten limited water supplies, will also be protected under the reforms.

The bill is about protecting farming communities and ensuring that we respect those historic rights and they are not eroded by the ongoing onslaught of the constant subdivision of some of these communities. The second reading speech goes on to refer to guidelines—not regulations—developed with the various communities. So the honourable member for Bega can be assured that if his community needs or wants to be consulted, I have no objection to it being included in a proper consultative process. I shall respond to matters raised by the Leader of The Nationals in the context of the commentary by the Legislation Review Committee. Rather than reply to the committee in writing, I choose to now briefly reply to the committee's principal concerns as expressed in correspondence dated 28 May from the committee chairman, the honourable member for Miranda. The committee raised the issues of public consultation and alleged double punishment.

I reply to the Legislation Review Committee in relation to the alleged double punishment. There is no such thing. Of course, taking water illegally affects the rights of other water users and the environment. There is no doubt that adequate measures are needed to provide a deterrent. The Act currently gives the Minister a range of penalties to use, depending on the circumstances. These range from penalty notices and prosecutions through to the suspension and cancellation of the access licence. However, the value of water can be such as to make it worthwhile for people to take the water and cop the fine—"I'll take the water and you just tell me how much to write on the cheque." That is not a satisfactory situation, and everybody I have spoken to—particularly in farming communities—understands that to be so. A water payback penalty is essential. The ability to charge a fee for the water taken is just another penalty that is available and to be used where appropriate. It is not a double punishment; it is another option in the penalty regime—one that was suggested to me by irrigation communities around the State.

In relation to the concerns of the Legislation Review Committee about public consultation and issues about the Minister's plans, the amendment in the bill is designed to make it absolutely clear which of the compulsory requirements for management plans apply to Minister's plans. The current provisions of the Act leave significant doubt about this. If all the provisions were applicable there would be no difference in the two and there would be no point in having Minister's plans. The fundamental difference between management plans

and Minister's plans is procedural. With Minister's plans there is flexibility to adopt a modified process for drafting the plan, public consultation and utilising the plan where appropriate. For example, if a Minister's plan covers a large area it would be impractical and unnecessary to individually notify all the interested persons, as required in section 36.

The public exhibition process is considered sufficient and in virtually all cases public exhibition will be appropriate and will be used because of the possible effect of the plan on people's rights. This has certainly been the case with the 35 water-sharing plans that have been gazetted to date, and there is no intention to vary this approach in the future. The Leader of The Nationals adequately dealt with issues surrounding tax matters. He read into *Hansard* advice provided to him by the officials and by my office. I refer to indefeasibility. A number of Opposition members read from a letter from the Australian Bankers' Association. It is a pity they did not read all of it—it gets down to good old selective quoting. Opposition members left out the first sentence, which states:

The ABA welcomes your commitment to deliver an indefeasible title for Access Licences within a 2 to 3 year transition period.

The remainder of the quote, as read out by Opposition members, stresses the importance of indefeasibility. One only has to read my second reading speech again to understand the difficulty of instantly adopting a process of title, as the honourable member for Wakehurst said, analogous to indefeasibility under the Real Property Act. Quite clearly, I likened the process as moving from the conversion of an old systems title to a title under the Real Property Act. I understand that there are some 66,000-odd licences around the State and many of them need to be clarified and rectified. Frankly, it is not just the Government that needs to clarify and rectify them; the banks also need to do so. I have spoken to many individual banks and they say that if they are going to give the certainty and guarantees that everyone desires they will need time, as we will, to make sure all of those licences are cleaned up and rectified. That is a logical proposition and one that we have all publicly given a commitment to work towards, and it has been expressed in the letter from the ABA.

The other component that the Government will work towards—which I could have been silent on as it is not contained in the bill—is the notion of risk assignment. Over the past 12 months I have made it clear in this debate that one of the key components yet to be resolved, but clearly understood by those who are closer to this debate than some of the people who have participated in it tonight, is an ongoing and constructive debate—not in any sense of conflict—between the stakeholders who have been working on this complex component of this complex set of issues: the determination of risk assignment. I hope that the various jurisdictions will have something to present in this regard at the forthcoming Council of Australian Governments [COAG] meeting, set down for 29 June by the Prime Minister.

Until that time, it is fair to say that there are any number of options currently in the ring in relation to the risk assignment model. As I said across the Chamber to the Leader of The Nationals, the options seem to be growing like mushrooms at the moment. Everybody is having a bit of a dig—and I think that is pretty good because no-one has the answer. People who tell you they have the answer are pulling your chain. Everybody has got close to the answer; everybody has got a good idea. However, in the context of fairness, openness and transparency as we work towards a more competent model of security, safety and certainty in title I have specified what I regard should be the foundation for any model, whatever it is that ends up being adopted through the COAG process. That can also be read in my second reading speech.

I have taken organisations such as the Irrigators Council, the various groups represented in the gallery tonight—such as the New South Wales Farmers Association and environmental groups—and the Commonwealth Government through the process. That is why they have all issued supportive press releases. They understand that this ain't easy. If it were we would not be sitting here tonight. They understand that one of the final components in risk assignment will have to be a corporate model. If there is not there will not be the cross-jurisdictional underpinning that is needed and there will not be the support of the various States in the management of this issue as the trading regime comes in.

The honourable member for Lachlan made an important point in regard to the trading regime. He sought assurance on the subject of water barons—the notion that people will buy licences, stick them in a bank vault and start trading them like share market scrips rather than using them for productive purposes. I am on record in any number of places—including, from memory, the town hall at Moree with John Anderson, Walgett and Nyngan—as clearly supporting a trading regime where water is traded for productive purposes. I put it to the honourable member for Lachlan that his argument is not with me; it is somewhere in Canberra. I think the two ends of the spectrum in Canberra are Bill Heffernan at one end and John Anderson at the other. Without seeking to create conflict between those two gentlemen, I believe that they are well and truly capable of spelling out their positions on what they regard to be a competent trading regime, as they have done on many occasions during the past 12 months.

The trading regime component was very much John Anderson's agenda. He believed that without a competent trading regime, without a market-based underpinning for water, water users would not be encouraged to invest, and they would not be encouraged to get the highest value out of every last drop: we would see water wasted. I support him in that regard. If water is properly priced and structured in a way that encourages proper investment, better water efficiency is achieved and, at the same time, the productive capacity of our nation is underpinned. That is without question. I take issue with the honourable member for Manly. He read a speech that I think was prepared for him by someone else. Fair enough—that is not an unusual occurrence in this Chamber and I do not take umbrage at what he did as I have seen it happen many times. However, in my view he put a thesis that is fundamentally wrong. He said that providing security, certainty and perpetual licences to irrigators and farmers somehow fetters and diminishes the capacity of the environment to achieve a dividend for long-term sustainability.

That is fundamentally wrong, and it is an unfortunate throwback to the dogma and ideology of some of the debates that have been the hallmark of this issue over decades—the them-and-us approach to water management in this nation. It has dislocated real opportunities for real improvement in the past. The honourable member for Ballina alluded to some of the dislocations of previous attempts. In the end, the simple truth is that this does not have to be an either-or situation. Those who want to see the most degraded environments and unhealthy rivers should go to Third World countries, which do not have the capacity of economy to invest in water-saving technology and in smart ways to achieve better environmental solutions.

One speaker mentioned the Murray Wetlands Trust. That is a classic example of an entity doing good things for both economic production and environmental values—a living, breathing example of success on both scores, now several years old. As a nation, we have to extrapolate that example across Australia if we are to be fair dinkum about using water, and we have to go even further. However, in the end, the old thesis that this is an either-or situation, that farmers must be rubbed out and water must be sent down the river, is just plain wrong. Unless one has the capacity and security to invest with certainty in water-saving technology, better use of water, the highest value of water, one will not get the environmental dividends.

It is a simple fact that the great bulk of Australia's land mass is owned by private parties. Part of this reculturing of our nation, both in the cities where the Minister for Energy and Utilities is trying to take Sydney through a culture shift to be more water conservation conscious, and in the bush where we are trying to encourage farmers—and they do not need much encouragement; the smart ones are already doing it—to be more thoughtful about the way in which they use water, how they irrigate their land and how they conserve water, that is what this is going to take. If we just try to do this on public holdings we will be talking about water problems for generations to come.

Mr Donald Page: Read my policy speeches.

Mr CRAIG KNOWLES: The great thing about being in government is being able to do something about it. As the honourable member for Ballina well knows, there is nothing better than being on this side of the Chamber because all your hopes and your dreams can be realised. I feel sorry for guys like him, who have made an enormous contribution—and I am not being silly about this—to public policy in this State, and I pay tribute to him. But in the end, some of the nonsense from a couple of speakers—and I do not wish to be churlish about this—was either from ignorance or a desire to scare people, and that is detrimental to this sort of debate. In our communities there has been a bipartisan approach to much of what we are debating here, and that is what must happen.

John Anderson and I are not best mates, but the one thing we realise is that any progress on this agenda will not be achieved by one jurisdiction alone. Unless we can ignore the nonsense we heard from the honourable member for Wakehurst and, in some part from the honourable member for Manly, and work on more constructive prescriptions for improvement, we will revisit this matter. If I have not covered in detail issues raised tonight—

Mr Andrew Stoner: Water allocations?

Mr CRAIG KNOWLES: I will ask others to deal with the supplementary water allocations. I have a comprehensive and long note that I am happy to hand over. I do not wish to read it into *Hansard*, but there is rationale for that. Any other matter that has been overlooked is just an oversight.

Mr Andrew Stoner: Stock and domestic.

Mr CRAIG KNOWLES: I covered that in the absence of the Leader of The Nationals. I conclude by thanking a couple of people. Many of these policy decisions and discussions are putting yet another brick on a wall that other people started to build beforehand. I acknowledge the contribution of honourable members representing the electorates of Mount Druitt, Riverstone, Granville and Ballina, and people who have come into the processes of public policy formulation, that is, the users themselves, the irrigators in the gallery, the New South Wales Farmers Association, the environmental movement and the various levels of government.

Interesting and fascinating policy conversations have been undertaken constructively and sensibly, which bodes well for the next round of COAG discussions at the end of this month. As Australians we can take pride in what we have progressed so far while at the same time recognising that more needs to be done. I specifically thank some of the people in my agency—Mark Hamstead, Carol Bathis, Ben Hewitt and Peter Sutherland—for their effects. In particular, I thank my policy officer, Andrew Lillicrap, who has earned the respect of the various constituency and stakeholder groups around the State for his diligence and effort. Andrew has done a Herculean job in this area of policy within my office and I thank him for it.

This will not be the end; I do not pretend that it is. As I foreshadowed in my second reading speech, risk assignments still need to be determined, but they will be determined with good constructive effort by all players. We have suspended the groundwater plans for another 12 months in order to get them right. This will be a chance to revisit some of the issues causing problems for farming and irrigation communities around the State. That will not be solved without the co-operation of the Commonwealth Government and, I suspect, some serious Commonwealth dollars to match, but we can achieve good results. As we move through this process, it is reasonable for me to assert—and if I cannot assert it, I can certainly quote the Deputy Prime Minister, who reminded us in last Friday's *Australian Financial Review*—that New South Wales is now leading the States, leading the nation, in the implementation end of the national water initiative.

That collaboration and national leadership are important. All members would acknowledge that of all our precious resources, water is the most precious. We understand that even more at this time, when we are suffering the worst drought in the last 100 years. But we must be vigilant and diligent at all times in ensuring that every prescription results in the best and most productive use of water and that it maintains the sustainability agenda so that we have something to hand on to future generations. I commend the bill to the House.

Motion agreed to.

Bill read a second time and passed through remaining stages.

PASSENGER TRANSPORT AMENDMENT (BUS REFORM) BILL

Second Reading

Debate resumed from 12 May.

Mr PETER DEBNAM (Vaucluse) [9.58 p.m.]: I welcome to the gallery members of the Wagga Wagga, Lockhart, Tumbarumba and Holbrook shire councils. They have a fantastic local member who works very hard, not only in the electorate but also in this Parliament. He is a member of many committees, he is the Liberal Party Whip and he is doing a fantastic job. The Opposition does not oppose the Passenger Transport Amendment (Bus Reform) Bill, but reserves the right to amend it in the other place. I shall run through the objectives of the bill and industry concerns. I know that many of my colleagues also wish to speak to the bill. I might add by way of preamble that this issue goes to the heart of public transport in New South Wales, which has been a disaster for many years under the Carr Government. During the nine years the Carr Government has been in office we have suffered declining public transport.

Basically, this bill is about bus reform. The Government dragged back Cardigan Barrie to look at bus reform. After the Unsworth report, the Minister has come up with this so-called reform bill. As I said, the Opposition has a number of concerns about it. In terms of public transport, one must remember that the current Minister for Transport Services is Michael Costa. The former Minister was Carl Scully, who simply made a hash of the job, whether it was to do with buses, ferries, taxis or the rail system. Without dwelling on the rail

system—I am sure the Minister would say that it is outside the leave of this bill, and will not allow me to talk about the Waterfall accident or, indeed, many other problems in rail—let us look at buses.

On a number of occasions in the run-up to the State election last year I made the point that the State Transit Authority was a financial basket case; it had been run into the ground. Indeed, to get the State Transit Authority, which had responsibility for buses and ferries, through to the election last year the Government had to pump about \$30 million into it simply to keep it afloat. Clearly, the State Transit Authority was deficient in management. It was simply politically subservient to the Minister at the time, who did not want to hear about any particular problems; he simply wanted to roll on with his media plan. A year after the election the Government has introduced this so-called reform bill, which was, to some extent, in preparation for a couple of years before the election. At this point we are left with a number of concerns raised by the industry, which, as I said, I will go through in detail.

The bill has a number of objectives: to amend the Passenger Transport Act 1990; to enact new provisions dealing with service contracts for regular bus services, including transitway services; to enable the Director-General of the Ministry of Transport to declare bus service contract regions and strategic transport corridors; to enable the Director-General to fix fees for applications for certain accreditations and authorities under the Act and for the renewal of such accreditations and authorities; to limit the provisions of division 2 of part 3 to service contracts for ferry services; to enable the Independent Pricing and Regulatory Tribunal [IPART]—we could talk for hours about whether the IPART is truly independent—to determine maximum fares for certain regular bus services; to facilitate the making of accreditation standards that take into account different kinds of public passenger services and operators; and to enact certain transitional provisions.

The bill also amends a number of Acts in different ways. No doubt the legislation will affect many aspects of the public transport regime in this State. One need only read the press release that the Government provided to all Labor members to see what the bill is really about. It is simply about spin. The Government's press release is undated because it is sent to all Labor members, who simply fill in the date and month, and their name. The press release stated:

The new laws are the result of the first comprehensive review of bus services since buses replaced Sydney's tram network in 1961.

That claim is a little ambitious. I do not think it can be taken as a comprehensive review if this bill is the result. My colleague Michael Gallacher in the other place will run through in more detail why we do not think it is a comprehensive or responsible review, and why the bill before the House now does not have industry support. The press release further stated:

The NSW Government spends more than \$600 million a year on bus services in NSW each year.

That is clearly intended to suggest that the Government is making a worthwhile investment and spending a lot of money. I remind honourable members that in the run-up to the State election we made the point that the Minister had spent \$300 million on his private bus way, or so-called transitway, in his electorate. Some \$300 million of taxpayers' funds went into the Minister's electorate to provide his own local bus service. So the suggestion in this press release that \$600 million is a fantastic investment in bus services does not wash.

Mr Alan Ashton: I do not have a government bus service. You have a good one.

Mr PETER DEBNAM: The honourable member for East Hills says that he does not have a bus service. His electorate does not have a bus service simply because he does not work on behalf of his community. He simply buckled under. Time and time again, every time a contentious topic is raised in the party room and in caucus members opposite simply buckle under to the Premier and Michael Egan.

[*Interruption*]

The Minister for beer wenches is very vocal!

Mr ACTING-SPEAKER (Mr John Mills): Order! The honourable member for Vaucluse is the only member with the call. Other members will cease interjecting.

Mr PETER DEBNAM: The Government's press release concluded:

That's a huge win for people travelling to and from Sydney's West.

After nine years the Government has done almost zero for people in Western Sydney in terms of public transport. As I remind the House continually, when the Minister for Roads was also the Minister for Transport he had a preoccupation with public transport that extended to transporting his dog in the back of his ministerial limousine. That is about it. That is what he was doing for public transport in New South Wales, apart from putting a \$300 million transitway in his electorate prior to the election. I might add that he extended the transitway over several electorates. He finally had a bus running on the transitway for the 2003 election; he had something like a kilometre or half a kilometre of concrete laid for the 1999 election and then the weeds grew after that. In the end, the former Minister spent about \$300 million on private bus services in his electorate. The industry is so concerned about this bill that it is still fighting with the Government about it. That is why we have reserved our right to move amendments in the upper House. In the past week the industry issued a press release in which it stated, firstly, that a reduction in school bus services will mean increased safety concerns. The press release stated:

The Government reforms to the bus industry will drastically reduce the number of dedicated school buses in favour of students walking further and sharing route service buses and trains.

A number of pensioners and residents will be required to walk further to catch a bus that will run less often, if at all, unless they live near the new transport corridors.

The Bus and Coach Association [BCA] explained that buses are likely to be redirected to strategic corridors instead of additional buses being provided for the new corridors, and that new planning guidelines will reduce service coverage in many areas. The association also makes the point that the new legislation and contracts will drastically impact on small businesses and employment. That is because the new Act will give a senior bureaucrat the right to terminate contracts without compensation or right of appeal. The new contracts will virtually give the Government the power to confiscate assets without compensation. Businesses will be forced to rationalise their work forces. Honourable members must understand that under the Carr Government the top three or four levels of every bureaucracy have been politicised, and the Department of Transport is one of the worst.

Still working in the Department of Transport today are people who were working in the rail system before the Waterfall accident. I spent a year highlighting to the Government the Opposition's safety concerns about rail. Bureaucrats and spin doctors were lying their heads off to protect the Carr Government. We were so concerned that in June 2002 we moved a motion of no confidence in the then Minister for Transport purely on safety issues and the cover-up of a number of safety concerns. A number of people working in the transport system—on buses, trains and ferries—are nothing more than political appointments and are simply not doing the job on behalf of the community. The Government has introduced a bill that provides more power than ever. Some members in this Chamber sneer at what we are saying. However, it must be understood that this bill provides the Carr Government with too much power. It is certainly too much power to give a politically appointed bureaucrat. The shadow Minister will go through that point in greater detail in the other place.

The BCA suggests that this legislation should lay on the table until all of those issues have been resolved. The association certainly wants to address the issue of requiring ministry staff to negotiate contracts that are viable. It makes the point that the present draft contracts are not a basis to even consider negotiation. The department and the Minister have contempt for the industry. That is unfortunate, because the portfolio has new a Minister, the Hon. Michael Costa. I know what a mess he will make of this portfolio, because he made a complete mess of policing. I can only think that some of the people who worked with him in policing are still working with him in transport.

I mention in passing that the bill gives to the director-general an unfettered and non-reviewable power, from the commencement date of the bill, to terminate all commercial bus contracts within New South Wales. We know that total power corrupts. Under the Carr Government a politically appointed bureaucrat cannot be given that sort of power. The bill also gives the director-general the unfettered and non-reviewable power to identify contract regions and determine the strategic routes of new bus services in New South Wales. It is wrong to hand over that sort of unfettered power to a political appointee. The legislation also prevents any legislative or administrative review of the process. As I said, the Opposition has a number of concerns about the bill that it is still reviewing. We will not oppose the passage of the bill through the House, but we have a number of concerns, most notably one that was raised in the House earlier today, that will be raised by Opposition speakers.

Mr THOMAS GEORGE (Lismore) [10.10 p.m.]: I express the concerns of bus operators in my area over the Government's bus reform process. As the honourable member for Vacluse, who led for the Opposition, said, we reserve the right to move amendments in the other place. The bus reform process developed from both the Parry report into sustainable transport in New South Wales and the Unsworth report into bus transport in New South Wales. Members of the Bus and Coach Association and bus operators who have approached me have indicated that they have participated willingly in the bus reform task force that was created by the Minister for Transport Services. It is becoming increasingly doubtful whether the Government's approach will successfully achieve the reforms to bus services in New South Wales that are necessary to improve services to the community and to maintain a viable future bus industry.

Bus operators in my electorate believe that this legislation fails to provide reasonable transitional arrangements to protect existing contract holders. They are concerned that it provides unfettered power to the director-general that cannot be challenged. The legislation is of extreme concern to the bus owners and operators of the Lismore electorate and, I am sure, throughout the rest of the State. In its current form the draft contract is harsh and oppressive and will require significant amendment before a sustainable and realistic outcome can be achieved. The draft contract has no renewal rights at the end of the seven-year contract period and proposes the transfer of assets—the depot and buses—to a successive operator. While the current focus of the renewal process is on the metropolitan area, clearly the legislation will impact on regional and rural New South Wales, as the same legislation will apply to contracts in those areas.

The Government has called for a reduction in dedicated school bus services, thus putting the safety of school children at risk by requiring them to walk greater distances. It is likely that there will be a need for them to change buses to complete their single journey. No funding model has been put forward to deliver the proposed changes, which will require more funds than are currently available. The director-general has stated, without any financial evidence, that he believes country school bus services are over-remunerated, so we can expect funding to country school bus services to be cut further. That follows his intervention in the Independent Pricing and Regulatory Tribunal fare increase determination last August when he failed to pass on the recommended increase in rural fares and only marginally increased the payment to country non-commercial school bus operators by 0.98 per cent, which is well below the consumer price index increase.

Many other issues in the bus reform process, such as ticketing, contract regions and rationalisation, are not adequately addressed. The bus owners I met last week told me that the industry is seeking fair and reasonable amendments to the Passenger Transport Act to ensure viability and fair and reasonable service contracts so they can invest in their future and in the future of public transport in regional and rural New South Wales. The industry requires adequate funding to provide an appropriate level and quality of service to the community. The industry believes in fare and concession equity for passengers because it believes everyone needs equal access to transport, no matter where they live or which bus operator services them. They are the four points the industry has made, and the bill deals with them.

The Government has already destroyed the rail and ferry networks. With its bus reform bill it is setting about destroying bus transport as well. Every bus operator who was in my room the other day drove that point home to me continually. The bus reform bill will wipe out the viability of the private bus industry, leaving entire areas of Sydney, Wollongong, the Central Coast and Newcastle, et cetera, without any public transport. The proposed changes will lead to the loss of many school bus services and force schoolchildren to be left waiting at bus stops to change buses, thus putting our children at risk. We will not accept that in country and regional areas.

The changes will lead to major cuts in local services, cutting bus routes away from major identified corridors. The proposed changes will have a particular impact on the elderly, making it harder for them to get to shops and to doctors and to be members of the community. The proposed changes do not deliver fare equity, that is, equal fares for trips of equal distance. It astounded me that private bus operations are twice as efficient as the operations of government buses. Private buses cost \$3 a kilometre to operate, compared with \$6 for government buses. That is disgusting. Private operators are doing the job, yet we are crucifying them. Private operators claim that if all the subsidies were taken off the Sydney government bus network and given to them, buses could run free of charge in all areas.

Mr Carl Scully: Who said that?

Mr THOMAS GEORGE: The bus operators. I will gladly lead a delegation to meet the Minister. I am sure I can arrange that. The industry urgently needs reform; the Government is pushing many operators to the

brink of financial collapse. I invite the Minister for Roads to the electorate of Lismore. We will have morning tea with the bus operators and go for a ride on the buses. The industry simply wants fair and reasonable amendments that make it viable. That is all anyone in the industry wants. The operators want to be viable and to meet the transport needs of country and regional areas. Without a funding model the age of bus fleets will increase dramatically and the industry will not be able to afford buses that meet the new Euro 4 and Euro 5 environmental requirements or disabled access requirements.

The bus and coach industry employs some 16,000 people across the State. These jobs are at risk from this legislation. Bus operators are a key part of the local community and they invest in it. They create local jobs. They support local industry by getting people to work and bringing visitors to our area. They have always been there in times of crisis, such as during bushfires and floods. They have always been there to fill the gaps when the trains fail, and in other areas they are the only form of transport. They are responsive to our community needs, unlike government services. Many of the bus operators in country and regional areas are family companies. They have been there for generations, but all of them are committed to their communities. I certainly support that. Every bus operator in country and regional areas is committed to the area and its customers in providing transport. The whole industry is agreed on one thing: the Government has got this wrong. It needs to meet with the industry and get it right.

[Debate interrupted.]

BUSINESS OF THE HOUSE

Divisions and Quorums: Suspension of Standing and Sessional Orders

Special Adjournment

Motion by Mr Carl Scully agreed to:

That:

- (1) standing and sessional orders be suspended to provide at this sitting until the rising of the House no divisions or quorums be called; and
- (2) the House at its rising this day do adjourn until Wednesday 2 June 2004 at 10.00 a.m.

PASSENGER TRANSPORT AMENDMENT (BUS REFORM) BILL

Second Reading

[Debate resumed.]

Mr BARRY O'FARRELL (Ku-ring-gai—Deputy Leader of the Opposition) [10.21 p.m.]: It is always a pleasure to see the back of the Leader of the House. Like other members who have spoken, I am a supporter of public transport provided by buses. As with the honourable member for Lismore, bus services in my electorate are provided by the private bus sector. I compliment both Shorelink and Forest Coach Lines for the level of service they provide and for their responsiveness to the community, which is not always easy because, as has been acknowledged previously in the debate, the private bus industry, as opposed to the public bus industry, has to make decisions on a commercial basis.

It does not have the luxury of overservicing or providing services that cannot stand alone because at the end of the day it is required to foot the bill for the costs of the company and the workers' salaries. If private bus operators are not making money the system simply collapses. The difference is that if State Transit overspends its capital budget or overspends its salaries budget, as it has in the past, it is the taxpayers of the State who pay through supplementation from Treasury. It is an unequal playing field. In Western Sydney 70 per cent of bus services are provided by the private sector. There is an inequality between those who are required to operate commercially and those who are provided through the public purse.

One of the benefits of being in this place for a while is that one can take a longer historical view. The Act that this bill is seeking to change is the Passenger Transport Act 1990. That was a historic piece of legislation because, following consultation with those involved in the provision of public passenger services, in particular the Bus and Coach Association, for the first time we sought to impose a new platform in this area. The overall aim of that Act was to provide better value for money in the provision of passenger transport. It sought to do so by introducing for the first time the real threat of competition to those local bus operators not providing

the level and quality of services achieved by best industry practice, by levelling the playing field between private and government-owned bus operations and by ensuring that the industry as a whole maintained sound commercial practices.

In achieving those aims that Act enabled managers to get on and manage. It removed unnecessary restrictive regulations and ensured that a high quality of standards and services was maintained. That was achieved through performance-based contracting and the introduction of owner accreditation and driver authorisation. The background to that historic piece of legislation was that prior to that, outside of peak periods and particularly on weekends in those areas of Sydney that relied upon the private bus industry, there was a complete absence of services. No minimum service levels applied. This Act was brought in by Bruce Baird as part of the Greiner Government. It introduced minimum service levels into the provision of private bus transport.

Mr Grant McBride: What about his chief policy officer?

Mr BARRY O'FARRELL: I am happy to say that while I might have been Bruce Baird's chief of staff the late Alan Hoskins was responsible for policy work in this area, driven by Bruce Baird's commitment to ensuring that in parts of the city and State served by the private bus industry, for the first time since private bus transport was first regulated in 1931 there would be minimum standard services set to ensure that people were not stranded in their suburbs on weekends and outside peak periods. If bus companies were not prepared to stand by those standards, action could be taken. Under the old regulatory regime you could not weed out of the industry that small percentage of operators who simply were not prepared to put their consumers first. The base piece of legislation was a sound development that was welcomed at the time. Indeed, the then shadow Minister for Transport, Brian Langton, admitted as much in debate on the bill. When he became Minister for Transport he sought to do some of the things that this bill is allegedly doing.

Mr Russell Turner: Bring back Brian!

Mr BARRY O'FARRELL: Some may say, "Bring back Brian". At the time we did not think he was that great a transport Minister, but then we discovered the honourable member for Smithfield and we realised how low we can go. In 1997 Brian Langton introduced the Passenger Transport Amendment Bill, which sought "to foster higher performance standards and accountability in the bus industry and to test the market". So many of the things that this Government is now doing seven years later were claimed by Brian Langton and his colleagues when the bill was introduced in 1997. But I have to say that there is a significant difference: like Bruce Baird, Brian Langton was committed to meaningful consultation with not just the bus industry but bus users as part of his reform package, something that the current Minister for Transport Services has fundamentally failed to do in putting those reforms before the House.

I share my colleagues' concerns about this bill. I am particularly concerned about the enormous and unfettered power it gives the Director-General of Transport. Removing from the Minister and the Parliament the accountability system that has applied in this State for 148 years may be bad enough, but when the Director-General of Transport is as political an appointment as John Lee is, it is completely and utterly unacceptable. If the Director-General of Transport was a bloke called Bruce Greiner or John Murray, relatives of former Ministers in a Liberal government, those opposite would be concerned. John Lee was succoured at the bosom of the ALP all his life to earn an income. His only experience in the private sector was to work with Westbus.

We now know the sort of situation that Westbus finds itself in, regrettably. That is the legacy of John Lee. I think it is absolutely unacceptable that the sorts of powers proposed by this bill are vested in a Labor apparatchik who clearly is there because of his party membership and not his ability; not what he brings to the job but more about what he knows. Having said that, I should make the point that when it comes to bus reform in this State it is the old mate of the Minister for Transport Services from the New South Wales Labor Council, Mark Duffy, who is calling the shots. Although this bill vests enormous powers in the director-general, and despite the concerns I have about that, the reality is that in relation to these bus reforms everybody understands that John Lee has been sidelined and that Mark Duffy, with his hotline to the Minister for Transport Services, is driving it through.

Indeed, I am told that the language used by Mark Duffy at a recent meeting with the bus industry would make a waterside worker blush. It is not the sort of language I would ever use in this House. It would certainly be unparliamentary and would cause someone who used it to be thrown out. But that is typical of the sort of bully-boy tactics that the mate of the Minister for Transport Services employs. We should not be surprised about

that, given the clear *modus operandi* of the Minister for Transport Services himself. One can only say that his style is curious if nothing else. The concern that I have about the director-general's powers is that he has been given the unfettered power to terminate commercial bus contracts, to identify contract regions, to determine strategic moves for the purposes of new bus services, and to determine the content of new bus service contracts.

None of those powers can be reviewed. The Legislation Review Committee has examined this issue and I compliment the honourable members for South Coast and Orange and the Hon. Don Harwin in another place—who has a passing acquaintance with the member for Lebanon—for their insistence that this report highlight serious concerns about the legislation. I do not think these provisions would exist if it were not for the tireless work of those honourable members. It is of significant concern that people's rights can be removed by someone holding such power and that those decisions will not be reviewed by any judicial or administrative body in this State. That is unacceptable, and for that reason alone this bill should be significantly amended.

Other issues relating to competitive neutrality between the private and public bus systems have arisen. We have an inequality of fares in this city, and that gives services operated by State Transit an advantage. The constituents of the honourable member for Davidson, my colleague across the railway line, have access to State Transit services. That part of my electorate is served by Shorelink, so citizens on my side of Roseville, Lindfield and Killara pay more for bus services. How can we possibly have competition when the Government is subsidising bus services and when competitors are required to provide services in a commercial environment? It is a nonsense. My significant concern relates to compensation and the fact that, as noted both in the second reading speech and in the Legislation Review Committee report on this bill, the bill provides that no compensation is payable. The report states:

The Committee further notes that the proposed Sch 3 [36] mirrors the existing restrictions on claims for compensation under the *Passenger Transport Act 1990*.

That surprised me, so I investigated. The Act on the Parliament's intranet site might not be current, but that would be unusual. When I compared the sections in the principal Act and in the Act passed in 1990 with the clauses in this bill I found a significant difference. I am surprised that the committee did not notice that. In addition to the standard clauses, a new clause seems to have been incorporated that provides that:

- (1) No compensation is payable to any person by or on behalf the Crown for loss or damage arising directly or indirectly from: ...
- (c) the termination of an existing commercial bus service contract by operation of this Part ...

That provision does not exist in the principal Act. Therefore, it is wrong to say that this legislation mirrors the principal Act and for that claim to be repeated in the Legislative Review Digest. There will be no progress in this area without genuine consultation. Clearly, the Minister for Transport Services has trouble with the "c" word; he is unable to consult with any industry, be it the taxi, bus, or rail transport industry. He must change his habits and ensure that in Mark Duffy he has a negotiator who is prepared to be civil rather than one who uses the appalling language he used at recent meetings. The Government must get real. Without the involvement of private industry there will be no lasting and genuine reform. That is the lesson to be learnt from the advances made by Bruce Baird and endorsed by Brian Langton.

The honourable member for Fairfield's speech was provided by the department. He said he deplores the fact that the State manages more than 1,800 separate contracts with bus services in country New South Wales. That was the approach of the Department of Transport three years ago that saw Kings Bros Bus Group take over service contracts up and down the North Coast. It was aided and abetted by the department. That is a legacy of this Government's determination to have administrative simplicity and centralisation and a total lack of regard for the users of those services. The lack of proper assessment in awarding contracts resulted in their being let to a shelf company.

That is the legacy of the honourable member for Fairfield and his mate the honourable member for Smithfield. The member lectured honourable members on this side of the House about public transport. He should revert to his principal task. We know that he and the Hon. Eddie Obeid have only one task this term: to secure the election of Carl Scully as the next Premier of New South Wales. I am sure that Joe will join Eddie on his next trip to Lebanon with the other 10 members of the Labor Party. I am sure the Hon. Eddie Obeid is in Lebanon, among other things, sourcing funding to take his 10 colleagues back later this year as part of the "Support Carl Scully Faction" of the Labor Party caucus in this State.

Mr DONALD PAGE (Ballina—Deputy Leader of The Nationals) [10.36 p.m.]: I support the contributions made by the honourable members for Vacluse, Lismore and Ku-ring-gai. I note the different approach taken by this Government in respect of the previous bill compensating people who lose water entitlements and this bill specifically providing that people who lose their contract entitlements will not be compensated. There is a clear inconsistency. I take this opportunity to comment briefly on particular elements of this bill. I have a very strong philosophical objection to any provision that removes individual rights. That is undemocratic. I refer specifically to schedule 1 [25], which deals with the director-general's power to cancel contracts without recompense, and removes any right of review of decisions made by the director-general.

The bill goes too far by giving the director-general the power to cancel an existing contract between a private bus operator and the Department of Transport for the provision of bus services without recompense. It is unfair and heavy-handed for the department and the director-general to remove the legal rights of a private contractor. That is the purpose of schedule 1 [25], which gives the director-general the unfettered power to terminate, by written notice, an existing commercial bus service from the date specified in the notice.

This bill will allow for structural changes to service regions and transport routes and will effectively extinguish the right of bus operators to provide a lawfully contracted bus service. Furthermore, under this bill an existing private bus operator who has been delivering a high standard bus service can have his contract terminated without any compensation. In my view, the removal of rights to compensation upon the termination of a contract is heavy-handed in the extreme. It is contrary to any concept of natural justice and, indeed, of contract law. Proposed clause 35 of schedule 3 of the Act goes even further and removes the right of a court or administrative review tribunal to re-examine these amendments. In other words, there is no right of appeal against an administrative decision. That is also undemocratic. The Carr Government cannot so unjustly remove the right of the judiciary to review the outcomes of legislation. Although the State's bus transport system is in need of structural change, it is hardly an issue in respect of which the rights of New South Wales residents should be so strongly denied!

Local bus service providers have many concerns about this bill. I am sure other honourable members have been contacted by local operators to express their objections to these elements of the legislation. They are concerned not only about decision-making regarding bus services being centralised in the hands of the Director-General of Transport but also about students being disadvantaged by a possible reduction in services or the removal of free student travel on dedicated school services. Furthermore, as I have outlined, they see the transitional arrangements as unfair and unworkable. I strongly oppose the sections of the bill I have referred to as a matter of principle. The shadow Minister for Transport Services in the upper House, the Hon. Michael Gallacher, has indicated that he will move amendments in relation to the sections of the bill that we find objectionable. I wholeheartedly support the shadow Minister's position on the bill. If the amendments are unsuccessful in the upper House, the bill should be opposed on the basis of the issues I have raised.

Mrs SHELLEY HANCOCK (South Coast) [10.40 p.m.]: I wish to raise a number of issues about the bill and the overall context and background of the legislation. I clearly state at the outset that the Opposition will move amendments in the other place to address the deficiencies that we perceive. My introduction to the concerns of the bus and coach operators in my electorate began prior to the March State election, when a number of industry representatives met with me to discuss controversial clause 12, as it was then numbered, which would in effect allow contracts to be terminated without adequate cause or justification.

At that time I was impressed, as I am now, by the commitment of local bus operators on the South Coast to their communities by way of subsidies to pensioner and local community groups. I also note the level of investment in the industry by bus operators and the number of people employed by the industry locally. The bus and coach industry is important on the South Coast, and all local companies have displayed a strong sense of commitment to their community and are very much part of it. Since the March State election I have continued to meet and liaise with a group of local bus and coach operators. At all of these meetings there has been a strong sense of cynicism and growing anger that their concerns have not been heard, and that a broad, umbrella bill does not take into account the diverse range of individual issues across my electorate and the State.

Essentially, the bill is the Government's response to the Unsworth review of bus services, and it clearly entails a major reform of the New South Wales bus industry—an end to which we all aspire, including bus and coach operators. The Unsworth review—which received submissions from more than 500 organisations, individuals and key stakeholders, including representatives from industry groups, community organisations and State and local government—was at the time applauded as a notable and worthy review. The aim was to create a bus transport system with common standards of fares and service levels, and to eliminate existing inequities in the provision of bus transport services by way of structural changes and reforms.

In many respects there is a need for reform in the industry. However, the level of cynicism that existed in the industry prior to the March State election regarding the then clause 12 continues to exist. The Legislation Review Committee, of which I am a member, has commented on a number of the bill's provisions, especially those pertaining to the removal of rights to compensation and the ouster clauses, which remove the provision for judicial review of the decisions of the director-general. The Bus and Coach Association has concerns about these issues as well as others. The industry is concerned about the provision of transitional arrangements and the fact that no compensation is payable for loss arising from changes to bus service contracts. The Legislation Review Committee dealt with the right to compensation as part of its charter to consider whether legislation trespasses personal rights and liberties—and this bill does remove the right to compensation. As part of its deliberations on this issue the committee noted:

9. On or after the Bill's commencement day, the Director-General may, by written notice, terminate an existing commercial bus service ...
10. Similarly, the creation of new bus service contract regions, strategic transport corridors and/or transitway routes and emergency routes under the Bill extinguishes existing rights of bus service operators ...
11. Accordingly, the Bill's exclusion of any claims for compensation as a result of the exercise of these powers by the Director-General affects the rights to compensation of bus service operators.

The committee made a number of further comments in this regard. It also noted:

15. It has been argued that Parliament's power to legislate to deprive a contracting party of rights under a contract entered into with the Executive should be used sparingly and set out unambiguously.

The committee quoted Professor P. W. Hogg in *Politics and the Rule of Law*, who said:

The use of legislation to strip a specific individual of a legal right to compensation for breach of a contract right is a harsh and extraordinary use of governmental authority which, because it should not be done lightly, requires specific and unambiguous language.

To that end the committee noted that the bill's amendments preclude any claims for compensation for changes to bus service operations, and the committee referred to Parliament the question of whether the exclusion of claims for compensation constitute an undue trespass of the rights of bus service operators. Bus and coach operators have taken exception to decisions being non-reviewable, particularly with respect to clause 35 of schedule 3 to the Act—the ouster clause. Clause 35 is intended to operate as a probative or ouster clause that ousts the jurisdiction of a court to review the operation of the decision-making process. The right to judicial review of administrative action has been argued to be so fundamental to the function of a democratic system as to be part of the rule of law. In *The Church of Scientology v. Woodward* Justice Brennan said:

Judicial review is neither more nor less than the enforcement of the rule of law over Executive action. It is the means by which executive action is prevented from exceeding the powers and functions assigned to the Executive by law, and the interests of the individual are protected accordingly.

The removal of judicial review is of great concern to me; it seems to be patently undemocratic. Similar concerns have been expressed by previous speakers. The Bus and Coach Association has found the wide-ranging powers of the director-general to be problematic. The association has written to me to express its concerns about the bill. It believes that the bill does not provide reasonable or equitable transitional arrangements similar to those introduced in other jurisdictions to protect existing rights. The association believes that the bill gives the director-general an unfettered and legally non-challengeable power to terminate all bus contracts in New South Wales.

The association further states that the bill gives to the director-general unfettered power to determine the appropriate conditions of bus service contracts, whereas previous legislation enshrined essential conditions, such as funding, service requirements, and tenure. The association also highlights that the bill gives the Minister, via the power conferred upon the director-general, the unparalleled authority to determine regions, contract conditions, and policy, well in excess of the power usually conferred upon the bureaucracy by legislation. At the same time, the bill protects the director-general and the Crown from any legal or administrative review of their decisions.

Interestingly, the Bus and Coach Association, which has been consulted, continues to find problems with the bill. Clearly, there has been a breakdown in communications and a breakdown in consultation with the association. The association states that the bill will have some serious ramifications for bus transport in New

South Wales, and that it may threaten essential and reliable bus services in many areas. The association goes on to say that it has been participating in a bus reform task force established by the Minister for Transport Services. The association states that it is committed to bus reform, and that it has given its support to the main thrust of the task force's final report.

However, the association has doubts about the ability of the bus reform task force to deliver the reforms in a way that will minimise their impact upon the travelling public and the many local bus businesses. Despite the negotiation and consultation, a bill has been introduced that once again has raised the ire of the Bus and Coach Association statewide. That organisation continues to liaise with me regarding its concerns, and it remains highly cynical and angry about the entire process. I have highlighted two of my concerns and other members have raised a number of other concerns, and the Opposition will be moving amendments in the other place with the aim of addressing those concerns and providing a better piece of legislation.

Mr STEVEN PRINGLE (Hawkesbury) [10.50 p.m.]: At the outset I reiterate that the Opposition does not oppose the bill but reserves the right to amend it in the Legislative Council. I advise the House that small bus operators in the Hawkesbury electorate, often in family-owned businesses, are concerned that no compensation is payable for losses arising from changes to bus service contracts. The Legislation Review Committee and members representing the electorates of Vacluse, Ku-ring-gai, Ballina and the South Coast have identified major problems relating to the unfettered powers that are being given the director-general. They have the potential to adversely impact on both operators and our local communities alike.

I also note that many of the more than 500 submissions to the Unsworth review were from the Hawkesbury electorate. They called on the provision of more services and for an integrated approach to be taken to the services in our area. The Hawkesbury area has a chronic underprovision of public transport services, and as a result of the changes and a reduction in services that will take place on the Richmond railway line that problem will get even worse. I note also that the final report of the review concludes that existing inequities in the provision of bus transport services can only be eliminated by structural changes and reforms, especially in the manner in which the Government authorises bus operators to provide services in franchise areas.

The Hawkesbury electorate looks forward to some positive reforms and for franchise areas to take into account the needs of local residents. The Unsworth review made 48 recommendations, and talked about service levels being tailored to each community. The Hawkesbury electorate has been crying out for just that for many years. In private member's statements in this House I have said on a number of occasions that local transport groups in my electorate are willing to provide additional required services, but currently they are specifically precluded from doing so because of existing regulations. Hopefully, the Unsworth review will change that permanently. I hope that when the bill becomes law we will have a responsive director-general who is concerned not only about inner city transport services—

Mr Peter Debnam: Labor Party mates' areas.

Mr STEVEN PRINGLE: Indeed. I hope the director-general is concerned also about fringe areas that are currently not serviced by government bus services and that have a chronic need for a greater provision of public transport services.

Mr MALCOLM KERR (Cronulla) [10.53 p.m.]: This bill is a threat to every private bus owner in the Sutherland shire and across the State. My authority for saying that is the honourable member for Miranda, the Chair of the Legislation Review Committee. Paragraph 9 of the *Legislation Review Digest* states:

On or after the Bill's commencement day, the Director-General may, by written notice, terminate an existing commercial bus service on or from the date specified in the notice.

Mr Peter Debnam: Probably on Labor Party letterhead!

Mr MALCOLM KERR: It may well be on Labor Party letterhead. We heard from the Deputy Leader of the Opposition about the pedigree of the director-general. Paragraph 10 of the digest states:

... the creation of new bus service contract regions, strategic transport corridors and/or transitway routes and emergency routes under the Bill extinguishes existing rights of bus service operators to the extent of those changes.

This is important legislation yet members of the Government, with the exception of the honourable member for Fairfield, have not bothered to take part in the debate since they were given a leave pass by the Leader of the House.

Mr Geoff Corrigan: They got a pair with Eddie!

Mr MALCOLM KERR: That is right, they may well have a pair with Eddie and taken the Beirut bus route. In any event, the unfettered discretion and powers that are to be given to the director-general should concern all honourable members. I do not believe that even Tracie Sonda would support this bill. I do not know whether the honourable member for Miranda is part of the Scully for Premier group, or the group known colloquially as the SFS—Scully for Sovereign. Perhaps he is part of Costa for Premier group, or the CFK group—Costa for King.

Mr Richard Torbay: Don't mention King.

Mr MALCOLM KERR: Are you referring to King bus services?

Mr Richard Torbay: I thought it was Peter King you were talking about.

Mr MALCOLM KERR: No. The honourable member for Northern Tablelands made an inane comment. However, the relevance of this is that the bill will king-hit private operators in the bus industry. One only has to read the "Legislation Review Digest" to discover what an unfair piece of legislation it is. As has been pointed out by members on this side of the House, the Bus and Coach Association and private bus operators in my shire have been ready, willing and able to assist with improving public transport. It is in their own interests as well as the interests of the public for them to do so. But this bill is a sword of Damocles over their futures. The inequity is there for all to see with regard to rights to compensation, which are referred to in paragraph 10, which states:

The High Court has treated the denial of compensation rights as akin to the acquisition of property, holding that "acquisition" in s 51 (xxxi) of the Commonwealth Constitution extends to the:

Extinguishment of a vested cause of action, at least where the extinguishment results in a direct benefit or financial gain (which, of course, includes liability being brought to an end without payment or other satisfaction).

Paragraph 27 refers to what has been said about the extinguishment of judicial review. We pride ourselves on living under the rule of law in this State—and even the honourable member for Northern Tablelands would agree with that.

Mr Richard Torbay: Hear! Hear!

Mr MALCOLM KERR: He would agree that people's rights and their properties should not be taken away from them.

Mr Joseph Tripodi: That is not the rule of law. You are trying to give us a legal lesson and you are wrong.

Mr MALCOLM KERR: The honourable member for Fairfield says that I am wrong about the rule of law.

Mr Peter Debnam: He is referring to Lebanese law.

Mr MALCOLM KERR: No, he is thinking about Fairfield branch law, actually. The honourable member is not disagreeing with me but with the High Court of Australia. If the honourable member wants some lessons in the law, I will take him to the Collier document, which states at paragraph 27:

Judicial review is neither more nor less than the enforcement of the rule of law over Executive action; it is the means by which Executive action is prevented from exceeding the powers and functions assigned to the Executive by law and the interests of the individual are protected accordingly.

Does the honourable member for Fairfield disagree with any of that? He nods his head. The honourable member for South Coast referred to the provisions of the ouster clause. The honourable member for Fairfield may have heard of Sir Anthony Mason, who described the determination to restrict access to the courts as a contagion that could spread so as to undermine the rule of law. Sir Anthony said:

No encouragement should be given to attempts to restrict access to the courts for the determination of rights by converting provisions restricting access into provisions having substantive validity. If the legislature intends to treat noncompliance with its prescribed requirements as not resulting in invalidity, it should be encouraged to say so without achieving that result indirectly through the operation of an ouster clause.

This bill provides for an ouster clause. In fact, it is giving the source of encouragement that was detailed by the former Chief Justice of the High Court. That is why I talked about the rule of law. That is why I say that the honourable member for Fairfield is quite wrong because the rule of law is highly pertinent to this bill. Even the committee, which had Government members on it, said:

The Committee also notes that the rights of bus operators may be dependent upon such decisions concerning the termination of an existing commercial bus service contract, or the declaration or variation of a bus service contract region or strategic transport corridor before the transitional period expiry date.

The committee was concerned about the arbitrary nature to such an extent that it wrote to the Minister seeking an explanation as to the need for the ouster clause rather than an adequate definition of the breadth of the Minister's power under the Act. When looking at the digest, one can see that there was no response from the Minister. It would be interesting to know whether the honourable member for Miranda intends to send the Minister a reminder letter. That issue is of great significance. We need an answer to the committee's bipartisan concern. I issue a formal invitation to the Minister for Transport Services to come to my electorate to look at the operation of the bus services that take place there, to see the care and dedication that are applied in the transport of passengers and to talk to the bus owners. I am sure that the Labor members of Sutherland shire would also extend an invitation to him to talk to bus owners. That is precisely what he should do before this matter proceeds. He has put under threat people who have been operating there for decades. The honourable member for Ku-ring-gai referred to Bruce Baird, who is now the Federal member for Cook, and to the imposition of minimum standards for bus owners, which was a step forward. Recent Ministers for transport have made Brian Langton look very good indeed.

Mr Peter Debnam: Hear! Hear!

Mr MALCOLM KERR: The honourable member for Vaucluse acknowledges that.

Mr Peter Debnam: We have said, "Bring back Scully", but we could also say, "Bring back Langton."

Mr MALCOLM KERR: The people of the Cronulla electorate would say, "Bring back Langton before you bring back Scully." As was outlined by the honourable member for Ku-ring-gai, he at least intended to build on the Baird reforms that were of benefit to the public. This bill has a lot of potential to damage the public interests in this State. To give a bureaucrat enormous power without the provision of safeguards to ensure that that power is used in a fair and just manner is a step backwards. It is a step that ensures that a future government—and, in fact, the present Government—could exercise a power that is wholly used against the benefit of people in a particular region. It would rob them of a perfectly adequate and reasonable service. I know that the honourable member for Fairfield will speak in reply to the second reading debate. He should address a number of matters. Why does the letter from the honourable member for Miranda remain unanswered? If the Minister has the information that the honourable member for Miranda was seeking he should outline it in his reply. Not only would the honourable member for Miranda be grateful, but all members of this House—

Mr Richard Torbay: Would anxiously await.

Mr MALCOLM KERR: The honourable member for Northern Tablelands is particularly intrigued to find out what the reply would be. I just hope that letter is not on the desk of the honourable member for Miranda marked "Return to sender". I believe that that letter was duly posted and went to the Minister. I have confidence in the capacity of the honourable member for Miranda to send out mail. The people of New South Wales realise that this bill is taking them for a ride along the Australian Labor Party path of extinguishing personal rights, extinguishing property rights and extinguishing the rights and benefits that are used by the people of New South Wales. A number of members on both sides of the House have electorates that are serviced very well by private bus operators. As I say, and as the honourable member for Vaucluse said, what is required here is a dialogue, not a command. We want consultation. The "c" word should not be "command"; it should be "consultation".

Mr Peter Draper: It should be "Cronulla".

Mr MALCOLM KERR: I inform the honourable member for Tamworth that the world does not just consist of Cronulla.

Mr Joseph Tripodi: What about codswallop!

Mr MALCOLM KERR: No. There is what we refer to as "elsewhere". People who live elsewhere have certain rights and those rights are being affected by this bill, as are the rights of passengers in the Cronulla electorate who are very well serviced by the Crowther bus service. The Crowther family has been involved in the public service and public transport of people in my electorate for quite some time. I ask the Minister for Transport Services to reply to his mail, to consult people who know what they are talking about—that is, bus operators and passengers—and to come to the Cronulla electorate to get a fresh outlook to enable him to improve the public transport system.

Mr ANDREW CONSTANCE (Bega) [11.07 p.m.]: The Opposition has grave reservations about the Passenger Transport Amendment (Bus Reform) Bill. As a result, we will reserve our right to move amendments to the bill in the other place. The industry, certainly in regional New South Wales and in the electorate of Bega, plays a pivotal role in the local community. Recently a bus operator spoke in my office about the service that company provided to the local community and to local families. It was drawn to my attention that a child on a bus had written a note about their life and what was going on within their family. Through the care of the driver, the bus operator was able to take up a concern about that child with the appropriate government agencies. That is an example of the type of community service that local bus operators in regional New South Wales are providing to the local community. They care about their local communities; they participate in their local communities; they are a part of their local communities.

The industry is playing a pivotal role in regional New South Wales. There are small, social examples such as the one I have just given. The industry plays economic and social roles. It provides jobs in regional New South Wales. It is important in areas that do not have rail services and the like. We do not have rail services in the south-east corner of the State. The bus network plays a pivotal role in the transportation of our large retiree base and in getting kids to and from school. The industry has also played a pivotal role at times of crisis in regional New South Wales, particularly in bushfires and floods. It plays an important part in the community. It is an industry that will not be beaten up by the Carr Government. It is not an industry that will roll over to the dictatorial style of the Carr Government. We know this is a Sydney-centric Government, and we know that the Government is leaving regional New South Wales behind. That perhaps is best summed up in a letter that I received from Doug Lever, Managing Director of Bega Valley Coaches. I will read onto the record part of the correspondence that he has sent to me in the past 24 hours:

If this Bill is passed, it will be detrimental to not only the private bus operator, but to the travelling public including school children.

In July 2003, the Government disregarded the bus operators contract that they had with the Government relating to the SSTS, whereby the contract stated that a CPI increase would be granted every 12 months. As you are aware, only the Sydney and Metropolitan operators received this increase.

If this Bill is passed, I am quite convinced that the Private Operator will have no say in how they wish to operate their services. The Government must realise that the private bus operators have their whole livelihood invested in their business, yet the Government wants to take over all the administration and only have a few selected private bus operators, by forcing out the smaller ones.

What happens to the small operator if they are successful? They will not even be able to sell their assets at a reasonable price, and I do not think that the Government will be willing to compensate them.

Other coach lines and bus operators in my electorate—such as Prior's Bus Services in the Eurobodalla, Deane's Buslines and Tathra Bus Services, all family-owned businesses—will be impacted dramatically as a result of the bill. Basically, those operators have been sold out by the Carr Government. The industry seeks four key undertakings from the Government. Firstly, it is seeking fair and reasonable amendments to the Passenger Transport Act, to ensure the future viability of private bus operators. Secondly, it is seeking fair and reasonable service contracts, so that operators are able to invest in their future and in local economies. Thirdly, it is seeking adequate funding to provide an appropriate level and quality of service to the community, which ultimately is what these operators are about. The bill will detract from their ability to provide those services. The message is loud and clear. The Government will have to work hard in the Legislative Council to ensure that the amendments to be proposed by the Coalition will result in a better, fairer and more equitable outcome for private operators. Fourthly, the industry is seeking fare and concession equity for passengers, because operators believe that everyone needs equal access, no matter where they live or what bus operator services them.

The industry comes to the table adopting a reasonable approach. The Government obviously is not yet listening to the concerns being expressed by the industry. It is imperative that, in the political process that takes

place in this Parliament, the Government respond positively to the calls from the Coalition. There is considerable complexity in finalising this legislation, such as negotiating reasonable terms of contracts that will be entered into; completing achievable service planning requirements, and the impacts that those will have on existing bus services; identifying regions that achieve the intentions of the reforms; and, of course, negotiating a funding model that funds not only existing services but the trialling of new services.

The Coalition has identified a number of issues, which have already been outlined by the honourable member for Vacluse. Under current arrangements, there are no provisions to guarantee that the community and the industry will be consulted at the commencement of the contract period to determine the best services or strategic routes. Nor is there any guarantee of consultation to resolve community concerns that develop during the contract period or renewal stage, other than as determined by the Director-General of Transport. A lot of authority and power is delegated to one bureaucrat. The bus industry has also raised strong concerns about the number of contract regions proposed by the Government.

I return to the point to which I alluded before: the authority delegated to the director-general is of particular concern. The Coalition has grave reservations about the bill in its current form, and will seek to amend the bill in the other House. There must be greater recognition on the part of the Carr Government that in regional New South Wales bus operators play a pivotal role in the local community both economically and socially. These operators are well respected throughout the far South Coast, and the Government must be looking to consult with the bus and coach operators properly, rather than sitting in Sydney and dictating to the operators how their industry is to be run and maintained.

Mr RUSSELL TURNER (Orange) [11.15 p.m.]: In speaking to the Passenger Transport Amendment (Bus Reform) Bill, I note, as has been noted by other Opposition members, that the Coalition will not oppose the bill in this House. However, the shadow Minister for Transport Services in the upper House will move a number of amendments. The Opposition hopes that those reasonable amendments will be accepted by the Government and crossbenchers in the other place. If not, when the bill is returned to this Chamber the Opposition will oppose the bill. We take this course because we agree with the concerns that have been raised with Opposition members, not only through the Legislation Review Committee, of which I am a member, but through various bus operators, whether they operate large bus lines in my electorate or whether they be small or one-man operations or be represented by the Bus and Coach Association.

I believe this bill is yet another example of legislation that is introduced essentially to solve a Sydney and somewhat Newcastle and Wollongong problem but will have the result of creating enormous adverse impacts on country bus operators. I put on record some of those concerns. One letter, which I will quote in part, is from John A. Gilbert Pty Ltd of the Buslines Group. That correspondence, which is addressed to me, says:

I write to inform you of the bus industry's concern over the Government's Bus Reform Process and particularly the Passenger Transport Amendment (Bus Services) Bill 2004.

As you are aware, the Bus Reform process developed from both the Parry Report into sustainable transport in NSW and the Unsworth Report into bus transport in NSW. The Bus and Coach Association NSW has been willingly participating in the Bus Reform Task Force created by the Minister of Transport Services. It is becoming increasingly doubtful that the Government's approach will successfully achieve the reforms to bus services in NSW that will achieve improved services for the community and maintain a viable bus industry in the future. ...

This legislation fails to provide reasonable transitional arrangements to protect existing contract holders and provides unfettered power to the Director General which cannot be challenged. This legislation is of extreme concern to the Buslines Group and the wider industry. ...

Whilst the current focus of the reform process is on the metropolitan area, the legislation will clearly impact on regional and rural NSW, as the same legislation will apply to those contracts. ...

The Director General has clearly stated that he believes country school bus services are over remunerated (without any financial evidence) so we can expect that funding to country school bus services will be further cut. This follows his intervention with the IPART fare increase determination last August when he failed to pass on the recommended fare increase to rural fares and only marginally increased the payment to country non-commercial school bus operators by 0.98 per cent, well below the CPI.

There are many other issues in the bus reform process such as ticketing, contract regions and rationalisation that are not adequately being addressed in the reform process.

That is part of the letter from the Buslines Group. I place on record concerns expressed by the Bus and Coach Association [BCA], which in part stated:

The Bus and Coach Association of New South Wales has concerns that this Bill will have some serious ramifications for bus transport in NSW and may threaten essential and reliable bus services in many areas ...

The BCA represents some 1,000 private bus operators throughout New South Wales, who carry over 650,000 children to school each day and who employ over 10,000 persons operating over 6,000 buses. Many of its members have contracts with the NSW

Government, which extend well into the end of the decade. On the basis of these contracts BCA members have invested significant funds and have employees who have been loyal to many of these family businesses over more than one generation ...

Unfortunately the BCA has concerns in the ability of the Bus Reform Task Force to deliver the reforms in a way that will minimise their impacts upon the travelling public and upon the many local bus businesses, which may be faced with extinction and with significant ramifications for their workforce.

The association outlines some of its concerns as follows:

The Bill does not adequately define those services that will be the subject of the service contract and those services, such as charter services, which are not subject to the same regulatory requirements ...

The changes proposed for SSTS will result in a reduction of schools services, whereby free school student travel will no longer be available on dedicated schools services ...

The Bill would create, by its determination to reduce the number of persons running bus services, monopolies that increase the risk of regulator capture, similar to that in Victoria.

Other members have outlined the concerns of the Legislation Review Committee, which met last Friday. The committee noted that the amendments in the bill preclude any claims for compensation for changes to bus service operators, thereby trespassing on the personal rights of bus service operators. It also noted that given the power under the bill to terminate contracts, denial of compensation rights is particularly significant. The committee refers to Parliament the question of whether the exclusion of claims for compensation constitutes an undue trespass on the rights of bus service operators. That is a real concern for many smaller bus operators within my electorate and also large operators such as Cowra Bus Service and Thomas Coach Tours, Selwood's Coaches in Orange and the Orange coaches.

Mr Cec Peterson, a small bus operator at Cowra, rang to inform me of the services provided by small operators, who are concerned for the wellbeing of the children they transport to and from school every day. He stated that on one of his bus routes a weight limit of three tonnes has been placed on three wooden bridges, which means that he cannot drive his bus across those bridges. Cowra Shire Council officers had to grade a road through the dry creek bed so that the school bus and other heavy vehicles could use those roads. One wonders what will happen when the drought finally breaks and water is flowing down the creek. Will the Government supply a boat so that passengers can cross the flooded creek or will it fast-track replacement of the wooden bridges with modern concrete structures?

Each day country bus operators have to face these and many other problems. They believe that the Government does not appreciate what they go through to provide first-class services and to ensure that children travel safely to and from school. Local bus operators also provide additional services for people whose cars may have broken down or those who have medical appointments but do not have their own transport. No matter what road I travel along in my electorate during the school peak period, whether it is a small dirt road or a main road, I always see a school bus, either an eight or 10 seat minibus or a modern coach that is licensed to carry 82 children on a 100-kilometres-an-hour highway. People are often concerned about the risk of an accident in those circumstances. School bus operators in my electorate face these problems every day and they now face further uncertainty about their future. If a run is taken from them, the bill states that they will not be given compensation. Many bus operators may have recently spent \$250,000 to replace their bus in accordance with the Government's guidelines. They may have a lease, time payments or other payments for the six-year or 10-year life of the bus. What will happen to them if the contract is taken from them and they are not paid compensation?

Bus operators want to be able to transport children safely to and from school. They want to employ experienced drivers and regularly service their buses or replace them, when necessary. However, they now face uncertainty and will have difficulty in obtaining finance to purchase a bus if they cannot guarantee that their business will be viable for the full term of the contract, let alone be certain that their contract will be renewed. Opposition members have many concerns with the bill. We will not oppose it at this stage but will do so if in the upper House the Government does not accept our amendments.

Mr RICHARD TORBAY (Northern Tablelands) [11.27 p.m.]: The bus industry in the Northern Tablelands has made numerous representations to me and I assume that other members have received similar representations. The comments date back to early this year when I made a private member's statement to highlight the problems facing private bus operators in regional areas. Those operators are the backbone of the school transport system in rural and regional areas but their view is that the Government does not appreciate the many contributions that they make to their rural and regional communities. At the time of my private member's statement bus operators were concerned about the recommendation by the Independent Pricing and Regulatory

Tribunal, which was accepted by the Minister for Transport Services, that a 0.98 per cent increase in non-commercial contract payments be granted to bus operators in 2003-04. The industry has pointed out on numerous occasions that the figure is well below the increase that the Bus and Coach Association applied for, which was based on an independent funding model.

If funding continues to decline as it has for the past 10 years, according to the industry, less investment will mean that smaller operators, in particular, are forced out of the business. Many regional and rural areas have no public transport system at all to speak of, yet it is the only thing they can rely on. As people are pushed out of the industry it is difficult to provide basic community services. The honourable member for Vacluse referred to safety, which is constantly raised with me. The industry wants to make further investment to deliver better safety and service. It will be much more difficult for new buses to come into the system if funding continues to be eroded. The Legislation Review Committee does a good job in presenting in a bipartisan way legitimate questions and issues for the consumption of members in this place. It raised a whole range of issues.

The industry supported concerns that the legislation gives the director-general unfettered and non-reviewable power to terminate all commercial bus contracts within New South Wales from the commencement date of the bill, and unfettered and non-reviewable power to identify contract regions and determine strategic routes for the purposes of new bus services within New South Wales. The industry is also concerned that the director-general's rights are protected for three years from a privative clause that prevents any judicial or administrative review of the process. I do not think I have ever seen legislation before this place giving a director-general such unfettered powers. Clearly, they are policy issues that deserve to be debated and reviewed by this House. I cannot support a process that delivers such unfettered powers to the bureaucracy.

On behalf of the people we represent we should be able to review those provisions through the parliamentary process. I believe that the concerns of the bus industry are valid. The amendments foreshadowed by the Opposition are certainly consistent with concerns raised with me by the industry. I hope that debate in the other place deals with those issues consistent with those concerns. I place on the record my thanks to the bus operators in the Northern Tablelands, who do a great job. They are supportive of many of the proposed reforms, but they want to make sure they survive in the long term and are able to do what they need to for our regional and rural communities who rely so heavily upon them.

Mrs JUDY HOPWOOD (Hornsby) [11.32 p.m.]: The Passenger Transport Amendment (Bus Reform) Bill seeks to enact new provisions dealing with service contracts for regular bus services, including transitway services; enable the Director-General of the Ministry of Transport to declare bus service contract regions and strategic transport services; enable the director-general to fix fees for applications for certain accreditations and authorities, and for the renewal of such accreditations and authorities; limit division 2 of part 3 to ferry service contracts; enable the Independent Pricing and Regulatory Tribunal [IPART] to determine maximum fares for certain regular bus services, both public and private bus operators; facilitate the making of accreditation standards that take into account different kinds of public passenger services and operators; and enact certain transitional provisions to enable the variation or termination of certain existing bus service contracts to facilitate the introduction of the new provisions.

I thank and congratulate the Shorelink Bus Group, managed by Transdev Australia and operated in my area, on endeavouring to provide and in many cases providing, a wonderful service to our community. Shorelink has developed a new bus route, the SanLink, which is a bus link between Hornsby station and the Sydney Adventist Hospital. The Deputy Leader of the Opposition and I had the pleasure of riding on one of the first buses travelling on the new bus route. We recognise the value of the new route to staff, patients and visitors going from Hornsby station to work, doctors appointments, or patient visits. I commend the way in which Shorelink has dealt with concerns expressed by parents in the electorate about children being dropped off on the Pacific Highway on the opposite side of this busy road to their homes. In a recent change to a bus route Shoreline allowed a bus to travel into Excelsior Road, Mount Colah, for the express purpose of dropping children closer to their homes and in a much safer environment.

In endeavouring to serve the needs of the community, Shorelink is faced with the huge challenge posed by the extra platform at Hornsby station. Precious little consideration has been given to their needs and the needs of passengers and the ultimate changes that will be necessary. The bus industry wants to improve safety, but the legislative changes will make it more difficult. There are no provisions to guarantee that the community and industry will be consulted at the commencement of the contract period to determine the best services or strategic routes, nor is there any guarantee of consultation to resolve community concerns that develop during the contract period or renewal other than as determined by the Director-General of the Ministry of Transport.

The bus industry has raised strong concerns about the Government's proposed number of contract regions in the metropolitan area and about flaws in the contract arrangements proposed by the Government.

The bus industry is concerned about decisions by the director-general, who will be able to arbitrarily declare contract regions, strategic corridors and transitways that are not legally or administratively reviewable by either the Parliament or any court or tribunal. Another concern is the lack of provision for equitable transitional arrangements for bus operators similar to those introduced in other jurisdictions. No compensation is payable for loss arising from changes to bus contracts. No provision has been made for regular reports on achieving key performance indicators, for example on-time running. Nor is there any provision to equalise fares between private operators and State Transit, which may contravene competitive neutrality principles. There are serious concerns about the legislation. The Opposition will move amendments in the other place. I stand by members on this side of the House who have expressed concerns about the changes.

Mr PETER DRAPER (Tamworth) [11.37 p.m.]: I have received many representations from local bus and coach operators in Tamworth, Gunnedah, Werris Creek, Nundle, Walcha and all over the area who are concerned that the bill will put country operators under greater threat. The bill espouses the need to reform the delivery of bus services in New South Wales and seeks to change the culture of bus contracts, which provides exclusivity of regions and automatic rights of renewal. I am pleased to see that the senior bureaucrats from the Ministry of Transport are here, together with policy advisers and the former transport Minister and now Leader of the House, who is listening to this debate with great interest. There seems to be a perception that the free school student payments scheme lacks transparency and that it must be paid on an actual passenger basis. It appears the Government believes that the only way to achieve reform is by legislation that gives total control to the regulator.

The proposed legislation gives the director-general the unfettered and non-reviewable power to terminate all commercial bus contracts within New South Wales from the commencement date of the bill. It gives the director-general the unfettered and non-reviewable power to identify contract regions and determine strategic routes for the purposes of new bus services within the State. The director-general's rights are protected for three years from a privative clause, which prevents any judicial or administrative review of the process. Furthermore, the legislation gives the director-general that challengeable power to determine the content of the new bus service contracts to be entered into. This raises many industry and community concerns.

No provisions in the legislation guarantee that either the industry or the community will be consulted at the commencement of the contract period to determine the best services or strategic routes, nor is there any guarantee of consultation in the developing of community concerns during the contract period or renewal other than that determined by the director-general. There is no transitional period, unlike other jurisdictions where reforms have been introduced, whereby an existing operator who may have invested resources over a number of family generations is protected. That is a major concern, especially for small operators such as Hannaford's, which has been in the industry for 53 years.

There are real issues about the manner in which the government operator is being treated in the legislation, and about the fact that the principles of competitive neutrality are being breached. The legislation gives the director-general complete power in the reform process and removes both the Minister and the Parliament from the process. The control sought by the Government in the legislation has all the hallmarks of nationalisation of the New South Wales bus industry. Draft contracts seem to give the Government the right to acquire assets without proper remuneration or process. The industry has worked to develop strategies designed to counter this legislation that have been forced by the lack of consultation in the process.

The industry suggests that amendments are needed to water down the director-general's powers and to provide reasonable transitional arrangements for existing businesses. The industry rightly believes that the Government must be forced to adhere to the competition principles agreement with respect to its own government operator. In the industry's opinion, the Government's amendments to the existing legislation are completely unsatisfactory. The industry feels that debate should be postponed to allow proper industry and community input. I have been advised that in a meeting between Government representatives and industry the Government representative, Mr Mark Duffy, allegedly abused the industry negotiating team and aborted the meeting that was supposedly working co-operatively to negotiate reforms. That development has created an atmosphere of mistrust and suspicion that has bus operators fearing for their future.

Constituents in the electorate of Tamworth who have contacted me have expressed their concerns strongly. They are all aware that these amendments to the Passenger Transport Act were proposed and they, as

well as the wider industry, continue to be willing to discuss changes that can deliver improvements to public transport. However, the current draft appears to fall well short of providing the best framework to do this. Local operators point out that the following major issues appear to have been missed in the amendments and ask that they be considered: effective contract renewal and transitional provisions, fair and concession equity for all passengers, safeguards to limit the risk of abuse of power by the director-general, appropriate changes to ensure charter services as they impact on contracted operators are not left out of the reform process, proper address of the impact on regional and rural services, and a concrete commitment from the Government to bus priority and sustainable outcomes. If the current draft is passed unchanged it will have a radical effect on all government contracts, regardless of whether they are in the bus industry or in other industries.

The Bus and Coach Association has indicated to the Government that the present draft will also affect services and employment as the existing contract holder will have no security of tenure and will be forced to reassess dedicated school services and employment practices. Other changes in the draft that concern local operators in my electorate relate to combining definitions of commercial and non-commercial contracts; increased power for the director-general to terminate or change commercial contracts, transitways, corridors, et cetera; the changed role of the Independent Pricing and Regulatory Tribunal; and changes to accreditation fee rules. Other concerns that have come about over many years concerning operational boundaries for operators such as Hannaford's Coaches of Tamworth are of concern, but that is an issue for another time. I simply ask the Government to listen to the operators and to make amendments that address the concerns of those who have in many instances spent their lives in the industry.

Mr JOSEPH TRIPODI (Fairfield—Parliamentary Secretary) [11.42 p.m.], in reply: First, the Government welcomes the Opposition's decision not to oppose the bill. In effect, that says that the Opposition accepts that the industry is seriously in need of reform and that members opposite chose to debate the details of the reform. However, there is an acceptance by both industry and the Opposition that this industry needs serious reform and attention. The Carr Government is about ensuring that the industry gets the attention it needs and that it receives the reform that is necessary to keep it going. Speaker after speaker on the Opposition benches talked about the bus operators. What was absent from all their speeches was discussion about passengers, commuters, the quality of service commuters currently receive and the need for the industry to restructure to ensure that commuters have an improved level of service. That was completely absent from the speeches of members opposite, and that is disappointing.

However, it indicates exactly who the Opposition believes is its constituency. Essentially, members of the Opposition spoke all night about the injustices imposed on operators who have historically, since 1990, had monopoly rights in perpetuity. Not once did they discuss the quality of services that commuters have had to put up with for many years. The Government is essentially about ensuring that the bus industry is restructured so that commuters and passengers have a better quality of service. Most importantly, the Government is all about not only enhanced performance but also transparency. We did not hear members opposite say that they want a continuation of phantom riders. For years members of the public have been screaming for an end to phantom riders. They want an end to bus companies being paid even if there are no passengers or insufficient passengers on services. They have been expressing concern about that.

I commend members of the public for expressing that concern because they understand something that the Opposition does not understand: value for money. The Government is currently trialling, and hopefully will proceed to, payments on actuals. Essentially, that will reconfigure the whole funding arrangement of bus services. It will require bus companies finally to go out and chase business, and to improve the quality of service to customers, before they get paid. Changing the way we pay bus companies is a fundamental reform. We will pay bus companies on the service they deliver. Members of the public will be happy to hear about that because in many parts of New South Wales they have had to put up with a fundamentally mediocre service. It is a hangover from the 1990 legislation introduced by the Liberals, the conservatives, at that time. The Coalition Government created contracts in perpetuity and gave monopoly rights provided the bus companies met minimum service levels.

We are not aspiring to ensure that operators achieve the minimum. We want them to have an operating environment in which they pursue an improvement in services. We want to give them a reason to go out and chase customers, improve their service and try to improve the lifestyles of the people they should be serving. Essentially, that is what this restructure is all about, but members opposite failed to raise those points. They failed to express concern about passengers and the welfare of their market. That is a fundamental concern. Essentially, almost all members opposite talked about bus operators and the welfare of capital, not the welfare of passengers. That is of enormous concern because it sends the message that the Opposition believes that its constituency is not passengers and people but bus operators. That is a sad indictment of the mindset of members opposite.

As I said, the industry obviously needs reform, and the Government is serious about introducing that reform. No-one has said that the reform will be easy or that it can happen overnight. We are saying that in an industry where patronage on private bus services is declining we must change, because if we do not change the whole industry will collapse. The industry understands that, and that is why we have had a level of co-operation until now. The industry wants to see change as much as the Government and their passengers do. That is why we have been serious about it. We have made the hard decisions. We know that more than \$420 million is being spent on subsidies in this industry but we do not know whether we are getting value for money. There is no transparency in the current arrangements. There is no incentive for bus companies to go out and chase business and earn the money they receive.

Members opposite touched on the quality of service provided by many private bus operators, and we concur with that. We congratulate those bus companies on the services they have provided to date. The Government also understands that the current operating environment in which the industry finds itself makes it difficult for businesses to grow and for business proprietors to offer security to their employees and secure a return on their assets. The industry needs to be restructured, and the Opposition and industry representatives accept that necessity. The honourable member for Northern Tablelands, the honourable member for Burrijack and the former member for Albury were members of the Public Accounts Committee in the previous Parliament. Several years ago that committee produced a report on this matter and recommended these very reforms: enhanced transparency and a better reason to improve performance. Yet now, for reasons of political expediency, they have decided to line up to oppose the reforms and do a triple backflip, as they have done on occasions in the past.

This legislation marks the end of phantom riders, a recommendation that was made in the report. The move to actuals-based payment is a fundamental part of improving the quality of service provided by the industry. Private bus patronage is declining. The industry needs to be restructured to provide prosperity and growth and to ensure the future of its employees. Most important, however, the industry needs to be restructured so that passengers in New South Wales obtain value for money and taxpayers' funds are well spent. I commend the bill to the House.

Motion agreed to.

Bill read a second time and passed through remaining stages.

BILLS RETURNED

The following bill was returned from the Legislative Council without amendment:

Stock Diseases Amendment (Artificial Breeding) Bill

The House adjourned at 11.50 p.m. until Wednesday 2 June 2004 at 10.00 a.m.
