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LEGISLATIVE COUNCIL

Tuesday 2 June 2015

The President (The Hon. Donald Thomas Harwin) took the chair at 2.30 p.m.

The President read the Prayers.

The PRESIDENT: I acknowledge the Gadigal clan of the Eora nation and its elders and thank them for their custodianship of this land.

CENTENARY OF FIRST WORLD WAR

The PRESIDENT: On 4 June 1915 the Third Battle of Krithia commenced and once again Allied and Ottoman forces struggled over a few hundred yards of ground in the shadow of the strategic heights of Achi Baba on the Gallipoli peninsula. Almost nowhere on the blighted peninsula saw so many assaults over the same small piece of territory. The First Battle of Krithia commenced on 28 April and the Allies were repulsed. The Second Battle fought on exactly the same battle plan failed on 7 May with terrible losses suffered by New Zealand's Otago regiment. The Third Battle repeated all the errors of the previous two and, like them, it failed. Over these few hundred yards at least 25,000 troops lost their lives. Despite the mayhem of command, there was heroism in abundance.

A young man, George Raymond Dallas Moor, aged only 18 and born in St Kilda, Victoria was awarded the Victoria Cross for his deeds on 5 June, taking command when his officers fell, rescuing his men and recapturing lost trenches. He had been in the army less than a year. He was to go on to win the Military Cross and Bar for his gallantry in France in 1918 but was denied his heroes return, succumbing to the Spanish Flu in France at war's end in November 1918. The bravery and sacrifice of so many was not just a feature of the repeated battles of Krithia; it was a feature of a whole campaign where the failures of leaders to learn resulted in a terrible price paid by their rank and file. Lest we forget.

ELECTION OF MARK PEARSON AS A MEMBER OF THE LEGISLATIVE COUNCIL

Election Petition

The PRESIDENT: I report that the Clerk has received from the Supreme Court a copy of the petition from Mr Peter Neil Jones to the Court of Disputed Returns, according to the Parliamentary Electorates and Elections Act 1912, in relation to "Peter Neil Jones v Mark Pearson & Electoral Commissioner 2015/60390—Court of Disputed Returns".

Petition tabled by the Clerk.

Pursuant to sessional orders Formal Business Notices of Motions proceeded with.

BUSINESS OF THE HOUSE

Formal Business Notices of Motions

Private Members' Business item No. 158 outside the Order of Precedence objected to as being taken as formal business.

TABLING OF PAPERS

The Hon. Niall Blair tabled the following paper:

Agricultural Industry Services Act 1998 and Annual Reports (Statutory Bodies) Act 1984—Report of the Wine Grapes Marketing Board for the year ended 31 December 2014.

Ordered to be printed on motion by the Hon. Niall Blair.

TABLED PAPERS NOT ORDERED TO BE PRINTED

The Hon. Niall Blair tabled, pursuant to Standing Order 59, a list of all papers tabled in the previous month and not ordered to be printed.

SELECT COMMITTEE ON THE LEASING OF ELECTRICITY INFRASTRUCTURE**Report: Leasing of Electricity Infrastructure**

Reverend the Hon. Fred Nile, as Chair, tabled the report entitled, "Leasing of Electricity Infrastructure", dated June 2015, together with transcripts of evidence, tabled documents, submissions, correspondence, and answers to questions taken on notice.

Report ordered to be printed on motion by Reverend the Hon. Fred Nile.

Reverend the Hon. FRED NILE [2.37 p.m.]: I move:

That the House take note of the report.

I am very pleased to table the report in the Legislative Council this day. The decision whether to lease the State's poles and wires is an important issue for the people of New South Wales. The consequences of this decision will be significant and wide-ranging for the State's financial position, as well as consumers, electricity workers and the electricity industry more generally. The chief purpose of this inquiry was to examine the claims made by key stakeholders on both sides of the debate, and to get to the truth as to whether the Government's proposal is in the best interests of the State.

Just days before this committee was due to table its report, the Government introduced into Parliament the Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015, the enabling legislation for the partial leasing of the State's poles and wires. This occurred despite the Premier telling the committee that we would not be provided with a draft of the legislation for the purpose of our deliberations. This denied the committee the opportunity to consider the legislation earlier in formulating our findings and recommendations, and denied the Government the benefit of considering the committee's findings and recommendations before finalising the bills.

A key issue in the debate was the impact of the leasing of the poles and wires on the State's fiscal position. In promoting the benefits of the lease, the Government argued that the associated \$20 billion infrastructure investment would result in a forecast \$300 billion boost to the State's economy by 2035-36, thereby increasing taxation revenue to the State. This \$300 billion boost to the State's economy was forecast in a Government-commissioned report by Deloitte Access Economics. Given how pivotal this forecast is to the Government's case for reform, and in light of concerns about the report and the long-term fiscal impact of the Government's proposal, the committee believes that the Deloitte report should be subject to an additional layer of scrutiny. We have therefore recommended an independent review of the report by a qualified independent authority prior to the enactment of the enabling legislation.

Amidst all the complex economic arguments presented to this committee, it is important to remember that electricity is an essential service. The impact of the Government's proposal on consumers has been at the forefront of the committee's considerations. Our inquiry found that the leasing of electricity infrastructure is unlikely to negatively impact on electricity prices, safety and reliability. In fact, we found that electricity network prices and retail prices are likely to fall, at least in part, because of the role the Electricity Price Commissioner will play in reviewing the lease transactions. However, to ensure that consumers continue to be protected in the long term, we have also recommended that the powers of the Electricity Price Commissioner be reviewed within 12 months of the completion of the lease transactions. This is to ensure that the Commissioner's role and powers provide the best model for enforcing the price guarantee.

Another critical issue for the inquiry was the impact of the leasing transaction on workers in the sector. While the electricity industry is facing a challenging time, largely as a result of the Australian Energy Regulator's recent determination and its impact on jobs, it is clear that workers are worried about how they will be affected. We have therefore recommended that the enabling legislation include strong employment protection guarantees, such as at least five years continued employment with the new employer; transfer of all accrued employee entitlements, including annual, long service and sick leave, and recognition of prior service.

We have also recommended that the legislation provide for a sufficient number of apprenticeship opportunities, given the critical role they play in securing the industry's future and avoiding a future skills gap in the workforce.

After examining all the arguments and the evidence, the committee recommended that the Government implement its proposal to lease 100 per cent of TransGrid and 50.4 per cent of each of Ausgrid and Endeavour Energy. The committee believes that the Government's proposal is in the best interest of the State, taking into account the State's fiscal position, the need to maintain a triple-A credit rating and the economic benefits arising from the significant investment in infrastructure, which was one of the most persuasive aspects of our inquiry.

On behalf of the committee, I acknowledge the valuable contribution made by all inquiry participants to the work of this committee. I also express my thanks to my colleagues on the committee, and to the secretariat staff—Stewart Smith, Tina Higgins, Sharon Ohnesorge and Angeline Chung—for their hard work and professionalism.

Debate adjourned on motion by Reverend the Hon. Fred Nile and set down as an order of the day for a later hour.

BUSINESS OF THE HOUSE

Routine of Business

[During the giving of notices of motions.]

The Hon. Duncan Gay: On a point of clarification: A bill relating to this matter is currently before the House. Would that make this motion out of order?

The PRESIDENT: Order! I will allow Mr Jeremy Buckingham to finish his notice of motion and then rule on the matter. I thank the Leader of the Government for drawing this matter to my attention.

Later,

The PRESIDENT: Order! The motion is in order. The rule about anticipation only applies to debate or question time, if a question is asked about something that is the subject of a bill before the House. As this is only a notice of motion, it is not out of order.

BUSINESS OF THE HOUSE

Postponement of Business

Government Business Orders of the Day Nos 1 and 2 postponed on motion by the Hon. Duncan Gay and set down as orders of the day for a later hour.

ELECTRICITY NETWORK ASSETS (AUTHORISED TRANSACTIONS) BILL 2015

ELECTRICITY RETAINED INTEREST CORPORATIONS BILL 2015

Bills received from the Legislative Assembly, and read a first time and ordered to be printed on motion by the Hon. Duncan Gay.

Motion by the Hon. Duncan Gay agreed to:

That standing orders be suspended to allow the passing of the bills through all their remaining stages during the present or any one sitting of the House.

Second readings set down as orders of the day for a later hour.

BUSINESS OF THE HOUSE

Precedence of Business

Motion by the Hon. Duncan Gay agreed to:

That Government business take precedence of debate on committee reports this day.

BUSINESS OF THE HOUSE

Conduct of Business

Motion by the Hon. Duncan Gay agreed to:

That Government business Orders of the Day Nos 3 to 10 on the *Notice Paper* relating to the appointment of joint statutory committees and joint standing committees be considered in globo.

PARLIAMENTARY COMMITTEES

Appointment and Membership

Consideration of the Legislative Assembly's message of 28 May 2015.

Motions, in globo by leave, by the Hon. Duncan Gay agreed to:

Committee on Children and Young People

- (1) That under section 36 of the Advocate for Children and Young People Act 2014 a joint committee, to be known as the Committee on Children and Young People be appointed.
- (2) That under section 38 of the Act, Mr Greg Donnelly, Mr Paul Green and Ms Bronnie Taylor be appointed to serve on the committee as members of the Legislative Council.

Committee on the Health Care Complaints Commission

- (1) That under section 64 of the Health Care Complaints Act 1993, a joint standing committee, to be known as the Committee on the Health Care Complaints Commission be appointed.
- (2) That under section 67 (1) (a) of the Act, Mr Lou Amato, Ms Jan Barham and Mr Walt Secord be appointed to serve on the committee as members of the Legislative Council.

Committee on the Independent Commission Against Corruption

- (1) That under section 63 of the Independent Commission Against Corruption Act 1988, a joint committee known as the Committee on the Independent Commission Against Corruption be appointed.
- (2) That under section 65 (1) (a) of the Act, Mr Trevor Khan, Reverend the Hon. Fred Nile and Ms Lynda Voltz be appointed to serve on the committee as members of the Legislative Council.

Committee on the Ombudsman, the Police Integrity Commission and the Crime Commission

- (1) That under section 31A of the Ombudsman Act 1974, a joint committee known as the Committee on the Ombudsman, the Police Integrity Commission and the Crime Commission be appointed.
- (2) That under section 31C (1) (a) of the Act, Mr Scott Farlow, Mr Trevor Khan and Mr Adam Searle be appointed to serve on the committee as members of the Legislative Council

Legislation Review Committee

- (1) That under section 4 of the Legislation Review Act 1987, a joint committee known as the Legislation Review Committee be appointed.
- (2) That under section 5 (1) (a) of the Act, Mr Shaoquett Moselmane, Mr Greg Pearce and Mr David Shoebridge be appointed to serve on the committee as members of the Legislative Council.

Joint Standing Committee on Electoral Matters

- (1) That this House agrees to the resolution in the Legislative Assembly's message of Thursday 28 May 2015 relating to the appointment of a Joint Standing Committee on Electoral Matters.
- (2) That the representatives of the Legislative Council on the Joint Standing Committee be Mr Robert Borsak, Mr Ben Franklin, Ms Courtney Houssos, Dr Peter Phelps and Mr Peter Primrose.
- (3) That the time and place for the first meeting be Thursday 4 June 2015 at 9.00 a.m. in room 1254.

Joint Standing Committee on Road Safety

- (1) That this House agrees to the resolution in the Legislative Assembly's message of Thursday 28 May 2015 relating to the appointment of a joint standing committee to inquire into and report on road safety in New South Wales.

- (2) That the representatives of the Legislative Council on the joint standing committee be Dr Mehreen Faruqi, Mr Scot MacDonald and Mr Daniel Mookhey.
- (3) That the time and place for the first meeting be Wednesday 3 June 2015 at 1.00 p.m. in the Waratah Room.

Joint Standing Committee on the Office of the Valuer-General

- (1) That this House agrees to the resolution in the Legislative Assembly's message of Thursday 28 May 2015 relating to the appointment of a Joint Standing Committee on the Office of the Valuer-General.
- (2) That the representatives of the Legislative Council on the Joint Standing Committee on the Office of the Valuer-General be Mr Greg Pearce and Mr Ernest Wong.
- (3) That the time and place for the first meeting be Wednesday 3 June 2015 at 9.30 a.m. in the Waratah Room.

Messages forwarded to the Legislative Assembly advising it of the resolutions regarding the joint committees.

ELECTRICITY NETWORK ASSETS (AUTHORISED TRANSACTIONS) BILL 2015

ELECTRICITY RETAINED INTEREST CORPORATIONS BILL 2015

Second Readings

The Hon. DUNCAN GAY (Minister for Roads, Maritime and Freight, and Vice-President of the Executive Council [3.20 p.m.]: I move:

That these bills be now read a second time.

I seek leave to incorporate the second reading speech in *Hansard*.

Leave granted.

Rebuilding NSW

Today the New South Wales Government takes another very important and historic step in delivering our Rebuilding NSW plan that will boost the economy and improve the lives of people right across this great State.

We have demonstrated that we are a Government that delivers—a government that does what it says it will do—and we have wasted no time in bringing to this place these initiatives that will positively change our cities and our regions for the better.

The legislation is being presented as two cognate bills.

The Electricity Network Assets (Authorised Transactions) Bill 2015 (the Transactions Bill) will allow the Government to proceed with its election commitment to undertake a long term lease of 49 per cent of the electricity network and deliver on its mandate to Rebuilding NSW by investing \$20 billion in new infrastructure.

The Electricity Retained Interest Corporations Bill 2015 ensures the State's interests are protected into the future.

It is a privilege to introduce bills that will make such a profound difference to this State and to the lives of the people of New South Wales.

The Rebuilding NSW Plan will boost the economy by around \$300 billion over the next 20 years and create over 120,000 new jobs.

This \$20 billion investment in infrastructure will be funded and fast tracked by recycling capital from the State's electricity businesses—through the long term lease of 49 per cent of the State's electricity network.

Using the lease proceeds, rather than new debt, to pay for infrastructure allows capital expenditure to grow while containing the absolute growth in State debt. This reduces risk and importantly underpins the maintenance of the State's triple-A credit rating in accordance with the Fiscal Responsibility Act.

Leasing the 49 per cent share in the State's electricity businesses means billions can be invested upfront to improve the quality of life of every person in this State, whether they live in our cities or in the regions.

With the proceeds of the lease we will build roads, rail, hospitals and schools together with other infrastructure, including for sports and culture, and vital water infrastructure in our regions.

We will address the increasingly crippling impact of congestion, which will cost \$8 billion a year by 2020. Both our quality of life and the productivity of our workplaces will improve. To do nothing is not an option.

Our roads and rail networks, our schools and hospitals, and our water infrastructure have not kept up with our growing population.

Long term lease

The Electricity Network Assets (Authorised Transactions) Bill 2015 authorises the Government to undertake a long-term lease of 49 per cent of the electricity networks, introducing private investment and management into TransGrid, Ausgrid and Endeavour.

As we outlined, Essential Energy will remain 100 per cent in government hands.

The 49 per cent is calculated based on the forecast closing regulatory asset base of the businesses on 30 June 2015, as set out in the final determination of the Australian Energy Regulator, published on 30 April 2015.

I now refer to specific protections in the legislation.

Price Guarantee

Building on the Government's previous commitments, the bill clearly outlines our commitment to lower electricity prices for consumers.

The successful bidder must provide a guarantee that total network charges for the financial year ending 30 June 2019 will be lower than for the financial year ending 30 June 2014.

This guarantee is to be overseen and enforced by the Price Commissioner who will report to the Government to confirm that the long-term leases will not put upward pressure on prices.

Without the approval of the Price Commissioner, each of the three transactions will not proceed.

Proceeds

The transaction bill confirms that the transaction proceeds will be directed to the Restart NSW Fund and a Residual Liabilities Fund. The Residual Liabilities Fund will be established to hold funds to discharge liabilities connected with a transaction under this Act.

Employees

The transaction bill allows for the transfer of employees to the employment of private sector entities with the terms and conditions contained in their enterprise bargaining agreements.

Once transferred, employees may continue to be a contributor to their existing superannuation fund, retain rights to annual leave, sick leave, extended or long service leave accrued or accruing immediately before the transfer.

Licence conditions

As announced by the Premier earlier this month, the lessees of 49 per cent of the "poles and wires" will be required to hold a licence.

The licences will impose strict conditions on the electricity network businesses and protect the interests of the State and consumers.

The licences will:

- give the State control over the suitability and capability of the network operators;
- require a continued substantial operational presence in Australia, and
- set conditions to manage business continuity and reliability, network performance and safety.

The Independent Pricing and Regulatory Tribunal will be empowered to ensure compliance with all licence conditions, including safety and reliability standards. It will appoint inspectors for electrical installations and equipment and to investigate any serious electricity network accidents.

Additionally, IPART will monitor compliance with a new Environmental Planning Code of Practice, to make sure that electricity network developments comply with certain environmental safeguards and community consultation requirements. Compliance with this code will be a licence condition.

Breaches of the licence conditions and other obligations will attract maximum penalties that are much higher than those currently faced for some safety and other breaches. In some case these penalties will be in excess of \$1 million.

The energy Minister and IPART will also be given new "step in rights" should a breach of licence or electricity regulatory obligation threaten the safe, secure or reliable supply of electricity.

Under the energy Minister's powers as to step in and assumption of control of a business that has breached certain conditions of a licence, IPART may become the network administrator and is to appoint a "step-in operator" until the Minister or IPART determines that it is no longer required.

These additional protections exist over and above the already stringent regulatory framework that sets out the obligations of the network businesses regarding the safety and reliability of the electricity network: for example, the obligation upon network operators to have an audited safety management system in place against which it measures and reports on performance annually. These obligations will continue to be monitored and enforced.

The existing regulatory framework includes incentives for distribution and transmission businesses to improve their level of service performance compared to historic outcomes over time, as well as penalties if their performance level deteriorates.

Electricity Retained Interest Corporations Bill

As mentioned earlier, the Electricity Retained Interest Corporations Bill 2015 will facilitate effective stewardship and oversight of the retained interest of the State in Ausgrid and Endeavour Energy. The bill makes clear how the State's retained interest will be managed and protected following the commencement of the lease.

To avoid potential conflicts of interest, individual corporations will be constituted for each part of the retained interest—that is, one corporation for Ausgrid and another for Endeavour—to effectively manage potential conflict of interest by board members and safeguard commercial in confidence information.

Each corporation will be an independent statutory corporation, and the initial boards of governors will be appointed by the Treasurer.

The corporations will retain veto rights on matters critical to maintain the value of the State's retained holding, such as with respect to change in the dividend policy or additional borrowings that would result in the credit rating of these businesses falling below an investment grade.

Through these corporations the State retains effective stewardship and oversight of the relevant retained interest to protect the value to the State.

Summary

In summary, I would like to reiterate that New South Wales has waited decades for this opportunity and we believe the time is right and the conditions are right.

The Government has been prosecuting this case publicly for about the last 12 months including during the very robust process of an election campaign.

We have the support of experts, highly regarded commentators from all sides of the political spectrum, as well as strong backing from the community, as evidenced by the election result.

This is a once-in-a-generation opportunity for the people of this State.

Whether for our citizens living in rural and regional areas or whether in our cities, everybody will be better off should we proceed with these transactions.

We simply cannot let this opportunity pass. We believe very strongly, as a government, that we have the mandate, and we also believe it is our responsibility to do what is in the best interests of the people of this State.

We do not take this responsibility lightly. Good governments make strong decisions and ensure the community has an opportunity to consider them.

The Parliament and the public can be assured that we will continue to have this open conversation during the transaction process and of course during the delivery of Rebuilding NSW.

We look forward to getting on with the job that the people of New South Wales have elected us to do.

I commend the bills to the House.

The Hon. ADAM SEARLE (Leader of the Opposition) [3.21 p.m.]: On behalf of the Labor Opposition, I speak in debate on the Electricity Network Assets (Authorised Transactions) Bill 2015 and the cognate bill, the Electricity Retained Interest Corporations Bill 2015, and indicate at the outset that Labor members will oppose both bills. The Labor members who have been elected to this Parliament will act in accordance with their commitment throughout the 2015 State election campaign to oppose legislation to privatise the State's electricity network in this Parliament. There are many theories about mandates in politics. Labor members in this House and in the other place also have a mandate from those people who voted for them.

The Hon. Robert Brown: As do the crossbencher.

The Hon. ADAM SEARLE: I acknowledge that interjection. Every Labor candidate at this election campaigned on the party policy in favour of retaining the monopoly part of the State's electricity network in public hands—public ownership, public control. The 34 Labor members of Parliament in the other place, including the 14 who won seats from the Liberal Party, made commitments to their constituents that they would

vote in favour of public ownership of the electricity network. Labor candidates elected to this place at the 2015 election, including me, made that same commitment and will act in accordance with our mandate from the people who sent us here. It is a ridiculous proposition to suggest that the party that has lost the election should simply roll over and support, without scrutiny, every piece of legislation that is introduced by the Government. That has never been the case and it never will be the case, particularly in New South Wales.

The Hon. Dr Peter Phelps: Hear, hear!

The Hon. ADAM SEARLE: I acknowledge that interjection. Parties are entitled to their policies but, more importantly, all members are entitled, and indeed have an obligation, to scrutinise propositions put before them by the Executive. The Executive puts forward proposals but we do not have to take those proposals at face value; we are entitled to evaluate them and to test the supporting evidence. If we find that evidence wanting we are entitled to vote against the legislation. The Labor Party in this State has a policy of retaining the monopoly electricity network in public control, as well as public ownership. That is our policy and Labor members are proud to vote in accordance with that policy. Labor believes it is not sound policy to rob the State budget of the lucrative dividends and other payments that flow into State coffers from the electricity distribution and transmission businesses.

There has been much analysis of what is proposed in these bills by the Government that suggests that the assets to be disposed of for 99 years—for at least 99 years—will attract a price equivalent of about 17 years of dividend payments or about only eight years of the total payments now received by the State from these profitable businesses. Put simply, we do not believe it is in the interests of the State budget—it is not a sensible long-term budget strategy—to dispose of those profitable assets and to retain or to build unprofitable assets, an issue to which I will return later.

Such a significant financial transaction has never been embarked upon on the basis of such little information. What information did the electorate have in March 2015 to pass judgement on the Government's proposal? In a press release from the Premier dated 10 June 2014 he promised that electricity network prices would be discounted by 1 per cent of the forecast regulated prices until 2019—not my words but the words of the Premier. It is a matter of record that these bills contain no price discount off the price to be regulated by the Australian Energy Regulator [AER]. However, the Government is currently engaged in appealing the Australian Energy Regulator's final determination in a desperate attempt to drive up network costs and to realise a higher sale price for these assets. What the Government is doing is completely contrary to the commitment made by the Premier in June last year.

Another commitment made by the Premier was that the jobs of permanent award employees would be "protected and treated consistently with previous transactions". Not a word has been said about that in this legislation. There is the protection of accrued leave entitlements and superannuation protection, but none of the other protections and benefits provided in other like transactions have been afforded to people working in the electricity distribution and transmission network to offset the fact that the historical employment security and other employment conditions will no longer apply in the future. A third commitment that was made by the Premier that is completely missing from this legislation is "The regional presence of the network businesses will be maintained." There is nothing about that in these bills and the Government has been silent on that part of the Premier's commitment that was made last year.

Two other key commitments in the Premier's press release are contestable. The first was that all net proceeds of the transaction would be invested in what was described as new and productive infrastructure. However, the infrastructure plan upon which the Government campaigned and upon which it rests its case, will not make money for the State; rather it will cost this State money. There will be not only construction costs but also ongoing maintenance and operation costs—costs that have not been provided for in any budgetary arrangements.

Whether or not this infrastructure is productive will be in the eye of the beholder. It might well be desirable and sought after but it will constitute a net drain on the State's coffers and the Government has not explained where the money will come from to make those payments. Another matter that is dealt with in the committee report and on which committee members differed was that the transaction would have no adverse impact on electricity reliability—an issue to which I will return later in my contribution.

On 18 December 2014, a week before Christmas, there was a four-page document entitled "Rebuilding NSW Update on Electricity Networks" in which the Government gave what I would describe as a sparse

overview of its proposal to sell a 49 per cent interest in the State's transmission and distribution businesses, what it would do with it, how it would be structured and governed—although no actual or real detail was provided—and how the proceeds would be applied through the infrastructure strategy.

Interestingly, the claimed benefits of the transaction—which are listed on page 3—have nothing to do with the privatisation proposal embedded in the legislation before the House. In fact, they flow directly from decisions to be made by the Australian Energy Regulator. That was the only other piece of material—apart from the Government's florid claims in favour of its infrastructure plan—before the people of this State when they were invited to pass judgement on the Government. Nevertheless, the Government has achieved re-election and it is entitled to put its proposal to the Parliament. As I indicated, the Opposition is also entitled to test the propositions.

Little detail about how the transactions will be undertaken is yet known because the bills before the House, the statements made by the Premier and former Treasurer, and evidence given by Government officials and Ministers in the recent Legislative Council Select Committee on the Leasing of Electricity Infrastructure hearings failed to pierce the veil of opaqueness that rests over the proposed transactions. I will deal with that point a little later. Of course, the Government is proposing privatisation by any other name. I note an interjection made earlier when I used the word "sale". It was claimed that it was only a lease. In fact, the Premier says and Government members claim that the transactions involve the lease of only 49 per cent of the transmission and distribution networks. The bills before the House contain a definition of how that is achieved, and the percentage is found at page four in clause 6, subclauses (2) and (3) of the Electricity Network Assets (Authorised Transactions) Bill 2015.

The plan is to lease the businesses or the assets for 99 years. The economic evidence received by the select committee was to the effect that, for all practical purposes, a 99-lease was indistinguishable from a sale. The two were the same except in one material respect: A lease induces greater uncertainty in the transaction for both the vendor and the purchaser. Economically—possibly even legally—it makes no difference. The current Treasurer and the Treasury secretary were questioned about this in the committee hearings, particularly in respect of the way in which similar transactions, such as the desalination plant transaction and the ports transaction—both of which were for 99 years—were treated in the budget papers and were regarded by Government officials as a sale. That is stated in the budget papers of the respective years. This fencing about terms does the Government no credit. It is a sale for all practical purposes and, indeed, is legally regarded as such in the budget papers.

I turn now to the structure of the lease. The Government's plan is to sell or to lease 100 per cent of the transmission company TransGrid. There is only one such entity in the State and it services about 70 per cent of electricity customers, including those in rural and regional locations. The notion that leaving Essential Energy out of the Government's proposal somehow exempts rural and regional New South Wales and that somehow the bush will emerge unscathed by this proposal is nonsense when one looks at even the barest level of detail. The proposal will also see a majority share in two of the three distribution companies—Ausgrid and Endeavour Energy—pass into private hands. It is patent nonsense to suggest that there will be majority ownership and that control will be retained by the State when the State will retain zero per cent interest in the transmission businesses and only a minority share in Ausgrid and Endeavour Energy. Clearly—there is no doubt about this—control is being handed to the private sector.

We know the assets will be gone not only for 99 years but for good. No political party will go to a future election promising to renationalise these businesses. That will never happen. If this legislation is passed the Government will be able to sell, once and forever, the entirety of the transmission businesses and the businesses that distribute power to the vast majority of people in this State. I note the commitments made by the Premier and other Liberal Party figures when campaigning with regard to employee protections. Again drawing on the Premier's statement in the press release, they reiterated that commitment time and again but they have not delivered. I note, as the Assistant-President noted when tabling the recent select committee report, that the committee recommended that the employment protection guarantees sought by the relevant workforces and their unions be included in any enabling legislation. Mr Assistant-President, you outlined a number of matters, but three mentioned in the committee's recommendation No. 4 were not addressed.

Job location guarantees relate to the ongoing location of jobs in rural and regional New South Wales in order to protect not only the workers, their families and communities but also regional economies. The committee also endorsed that there be, as there have been for other similar transactions, a payment on transfer from the security of the public sector into the uncertainties of the private sector, and also that such transfers

occur only on a consensual basis. The legislation before the House provides for the transfer of workers currently employed by the State-owned network operators to the private sector without their consent. I refer honourable members to page 11 and clause 19 (2), which provides—in contravention of hundreds of years of common law—forced servitude. Workers will be transferred against their will to an employment arrangement that they may or may not accept. Of course, workers could simply abandon their employment and walk out the door with no security and no payment. That is the stark choice being presented to them by the Government.

I note that the Government is about to embark upon an argument in court that, if successful, will result in higher power prices for every household and business in New South Wales, and it will do so using taxpayers' money. This Government appears to be happy to run a protection racket to increase power prices for every household and business in this State. Why? It is not because it is concerned about the jobs of people now working for those network operators. Its only concern is to fatten the asset for sale. It knows the Australian Energy Regulator's determination will put negative and downward pressure on the price that the businesses will achieve at sale. Therefore, it is in the Government's interest to drive up electricity prices chargeable by the networks in order to get a higher sale price. So far only one party in this Parliament is fighting for lower power prices for every household, and that is the Australian Labor Party. However, we will see what happens during the remainder of this debate.

The Government is using taxpayer funds to mount what it claims will be an expensive legal appeal to increase the power prices of the very taxpayers who are being asked to fund that case. We think this is wrong because, as I have said, the Government is simply seeking to fatten the pig for market day. On this side of the Chamber, we are proud to stand for lower power prices for every household and for every business in every town, every suburb and every region across this great State. It was revealing that on three occasions during question time in the other place last week the Minister for Industry, Resources and Energy referred to "our appeal". Until that point the Government had been hiding behind the State-owned corporations, saying, "No, this appeal has nothing to do with us; it is the State-owned corporations that are self-governing."

At least the Government seems to have come clean and owned up to the fact that it is appealing to increase power prices for eight million electricity customers simply to ensure a higher sale price for these assets. The fact is that pensioners will be required to pay more for their power so the Government can transfer money from their wallets to whoever purchases the assets. This is one of the reasons we will not support this legislation. There will be more energy poverty and more disconnections, and poor and vulnerable people will suffer if the Government's appeal succeeds.

During the election campaign we warned of the ramifications of the Government's privatisation proposal and now the Government is taking direct action to increase power prices for every household and business in this State. We are proud to stand up in this Parliament for the settled policy of our party in which we believe. The monopoly part of the electricity network that provides power to every home and business in New South Wales should remain in public hands and under public control for the wider public good. That is why every Labor member in this Parliament will be proud to vote in accordance with the mandate given to us by the people who sent us here. We will vote against the legislation and in favour of retaining the assets in public hands and under public management.

We do not believe the proposal to lease the electricity businesses and assets is desirable or in the public interest. According to the uncontradicted evidence of the Australian Energy Market Commission and the Australian Energy Regulator to the recent select committee inquiry, any claimed benefits that can be derived from private ownership or private operation can be achieved under public control in line with the regulatory determination made by the Australian Energy Regulator. Mr John Pierce, former secretary of the New South Wales Treasury, and other persons from the AER made it clear that in their view, as people who set the rules and determine the regulations that govern the National Electricity Market in this country, it does not matter whether electricity assets are publicly owned or privately owned in terms of the efficiency with which the regulation requires the businesses to be operated. Any notion that there is some residual economic rent or benefit that can be squeezed from these entities under the regulatory determined revenue envelope over the four years is simply illusory.

The proposition I am advancing is consistent with the evidence given by Mr Vince Graham, the Chief Executive Officer of Networks NSW and, essentially, the moving mind of Ausgrid, Endeavour Energy and Essential Energy. He gave evidence about the significant cost reductions and efficiencies derived from the existing businesses under his stewardship. He conceded that all the great strides had been made under public ownership and public control. Put simply, there is no need for this leasing proposal—economic, financial or

however the argument is constructed—for privatisation other than to indulge the sensitivities of Government members. They simply want to do it for reasons of ideology and to engage in a short-term cash grab to fund pet projects to try to secure yet another term in office even though, on all the objective evidence, this is contrary to the public interest.

On this side of the House, we believe the Government has failed to make the case that its proposal is economically sound or adequately protects the public interest. Although the issue of the transaction was the centrepiece of the recent election, comparatively few of the details were made available to the committee, the Parliament or the wider community, and I have identified some of the shortcomings. In the circumstances and in the absence of all that information, we believe it is unsafe—and, indeed, unwise—to approve of the transactions. We are concerned that there has been no modelling for the impact of the transactions on the New South Wales budget. Given the scale and importance of the transactions proposed, we regard this as negligent.

Claims made by the Premier and by the Treasury secretary regarding expectations of growth in revenue over the next 20 years, on pressing, were found not to come from the Deloitte Access Economics report upon which the Government has based so much of its case but simply were an extrapolation of historical correlations between State revenues and gross State product. This extrapolation does not involve any examination of expected growth in specific and existing sources of government revenue. In particular, there has been no evaluation of whether any stimulation associated with the proposed infrastructure spending would increase activity in those areas of the economy from which the Government derives its revenue. Before legislation is enacted and certainly before any transaction is entered into we believe, in the interests of economic conservatism and prudence, there must be a rigorous analysis of the impact of the proposed transactions on the New South Wales budget.

According to evidence received by the inquiry and available on the public record, the proposed transactions will negatively impact the State budget. There will be a loss of valuable revenues. On past experience, this is likely to amount to a loss of more than \$1 billion a year to the State budget in shareholder dividends, tax equivalent payments and the so-called TCorp guarantee payments. There have been two explanations for these guarantee payments. First, the Government has said the payments reflect the risk to the State of guaranteeing the loan borrowings for the State-owned corporations, so they are a risk payment. The second explanation given over the years is that these payments are a competition neutrality payment because the State secures funding for State-owned corporations at submarket rates and on-loans them to these companies and to offset that benefit they pay a certain amount of money. The payments that will be lost to the budget as a result of these transactions, reflecting on historical returns, total about \$1 billion a year.

The Government claims that there will be no real loss of money as this will be an upfront payment of the existing revenue stream in one lump sum at today's value bringing the expected 99 years of that revenue. However, the current revenue being spent each year is currently applied to recurrent expenditure. The Government proposes to spend the proceeds on infrastructure or capital items only, which means that money currently used on recurrent spending will disappear from the budget altogether, creating a significant hole in State revenue. Presently these assets pay their own way as well as providing a significant additional return to the State. The sale proceeds will be spent on assets that will require additional money from the budget for operating costs as well as maintenance and repair across their lifespan. This will constitute an ongoing financial loss for the budget, which has not been prepared for. This is a second budget hole

Those who support this plan say that it will improve the productive capacity of the economy, but even they acknowledge privately that any benefits will be over the long term, cannot really be quantified and will not go back to the State Government that is expected to finance the transaction. We think from whatever angle one looks at the proposal, the State of New South Wales and therefore the community will lose money on this transaction. It is noteworthy that the Deloitte Access Economics report upon which the Government has built its case is so lacking in robustness and credibility that even the Government members on the committee said "an additional layer of scrutiny needs to be applied to this report." It needs to be re-examined independently because it is so unreliable.

The third impact on the budget of New South Wales will be through debt. According to the Government, the whole of any sale proceeds will be spent on paying out the debt of the electricity companies and leveraging the Government's infrastructure plan. The second part certainly is economically irresponsible as it will leave the State with the same total level of debt it currently has with more assets for which it will have ongoing costs, but less revenue. The situation will be worsened as, inevitably, interest rates on the remainder of the government debt increase. The true windfall from any sale will only be the amount received over and above

the retention value. The evidence to the inquiry was that this amount would be only a small fraction of the total sale proceeds. To be financially responsible, the retention value should not be spent but used to retire State debt. Instead, the Government proposes merely to park the proceeds in Restart NSW, temporarily reducing net State debt, and then spending the totality of the proceeds, returning State debt to the present levels only, as I said before, with less revenue to meet the ongoing interest bill.

What is also concerning, from evidence given by the Treasurer, the Treasury secretary and other Treasury officials, is that even the repayment of the debt of the State-owned corporations is uncertain. We know that the TransGrid debt will be paid out upon the transaction being entered into, but the debt of Ausgrid and Endeavour Energy, particularly Ausgrid, may take some time and a time frame could not be put on it, despite the fact that in supplementary answers to questions on notice Treasury conceded that early payment of the debt of these companies would not incur any penalty payments. The supplementary answers also revealed there would be interest rate matching to ensure that the value of the proceeds was not frittered away. But we do not know at what interest rates all the debt profiles have been engaged in or what real level of returns the Government will be able to secure. Given that current interest rates are at historical lows, there is a real possibility that the Government will be paying out higher interest on the debt of these companies while getting a lower rate of return, therefore reducing the value of the transaction in the hands of the Government.

The Government also claims that revenues from these businesses will significantly decline—the Premier put on a slideshow when he appeared before the committee. But the Government also claims that the proposed transactions will yield a significant sale price. Any sale price on a business is a multiple of the revenue that can be extracted from it, so the two propositions are clearly in complete conflict with each other. If you can get a good sale price then the ongoing returns will be healthy, and vice versa: If the returns are going to disappear in the way projected by the Government and the Premier, there will be no sale price worth achieving; there will be no benefit in engaging in the transaction.

Despite the decline in revenues that is expected from the recent Australian Energy Regulator's determination, these businesses are likely, on the evidence we have seen, to remain very profitable for the foreseeable future. There are other dangers for the budget inherent in the proposed transactions. The equivalent of company tax is currently paid by the electricity companies to the New South Wales Government. That exemption from Commonwealth company tax applies only to an entity that is 100 per cent owned by a State government. Evidence to a recent Senate inquiry suggested that this proposal would lead to the total loss of the tax equivalent payments. The Premier said he has advice that that is not so, but he offered no evidence to support his claim that New South Wales will be able to keep a proportionate share of tax equivalent payments.

We note the electricity retained interest corporations, through which the Government will manage its retained interests, will be entirely government owned. But what seems to have been omitted is that the operating entity for the businesses, because it is not 100 per cent government owned, will be subject to Commonwealth company tax. We do not know how or whether the means they propose will achieve the public policy outcomes. The Government's submission to the Legislative Council inquiry also acknowledges that the largest aspect of revenue lost through this proposal is from the loss of the guarantee payments made each year by the electricity companies to the Treasury Corporation. Despite that, the Government has not factored the lost revenue into the calculation of the retention value of the businesses.

The Government claims this is because the payments reflect risk and arise from the Government's role as a financier rather than its role as a business owner. But that argument is simply a device and does not bear scrutiny, because an alternative explanation has also been offered over the years, which is the competition neutrality objective, and therefore it does not reflect any risk at all. But, more importantly—and I think definitively—the revenue has been spent each year by successive governments of both major parties like any other source of revenue, like any other form of taxation: It goes into consolidated revenue and is spent, not put aside against any risk. Labor agrees with Emeritus Professor Bob Walker that failure to include this lost revenue from the retention calculation will lead to a significant undervaluation of the businesses to be sold and a consequent short-changing of the people of New South Wales.

As I indicated, the proposed sale is to fund the New South Wales infrastructure plan. But the uncontradicted economic evidence before the committee was that the conflation of these two matters—whether or not to sell the assets and whether or not to build the proposed infrastructure—was financially unsound. The evidence was also clear that Infrastructure NSW has not independently verified the costs of any project, nor did it perform any of the cost benefit analyses. The evidence was that not one project was investment-decision ready. In its present form, therefore, the infrastructure plan is not a sound basis upon which to base the transactions.

There is also the issue about whether the Government intends to make any regulatory concessions to any purchaser, which is, again, not addressed in the bills or in any of the material provided publicly. The emerging technology, such as the Tesla battery, may constitute a significant threat not only to the network but also to the value of the investment of any purchaser or lessee of the assets. All benefits conferred on any purchaser or lessee should be fully disclosed to the public before the transaction is entered into. The Premier claimed that the detail of the transactions would be included in the legislation, but the bills fail to disclose important aspects of the transactions, including exactly how they will be structured and governed. There is a bewildering array of possibilities. Created in the legislation are transaction State-owned corporations, transaction companies and retained interest corporations, but we do not know exactly how the transactions will be structured because clause 12 provides:

There are no limitations as to the nature of the transactions or arrangements that can be entered into or used for the purposes of an authorised transaction.

So how it is all going to be done is completely opaque and uncertain. Key drivers in the legislation, such as the new licensing conditions for network operators—of supreme importance, according to the Government's announcements—are not revealed. The terms of the leases to be entered into have not been made available. The effectiveness of these measures will depend entirely upon their drafting, not merely their stated intent. The failure of the Government to provide these crucial details while inviting the Parliament to pass the authorising legislation is troubling.

The Government claims that the price guarantee and the Electricity Price Commissioner will protect consumers, but the legislation does not live up to the hype. While the network charges will have to be lower at 30 June 2019 than they were at 30 June 2014, the bill does not say by how much—presumably even \$1 or 1¢ will suffice. There is nothing in the legislation about charges by the transmission and distribution businesses between those two points in time—nothing in the bill that requires savings from greater efficiency to be passed on to consumers. Of course, if the Government wanted prices to households and small businesses to be lower it would not be taking legal action to block the price reductions arising from the AER determination. One of the tasks for the price commissioner is to report on whether the private investment to acquire an interest in the network assets is likely to increase network charges. But that misses the point. A range of other factors put upward pressure on costs and they should also be reflected in the legislation.

Despite the claims by the Premier that the legislation will do this, it does not give the price commissioner the power to refer concerns to the Australian Competition and Consumer Commission. The provisions add nothing to the protections already in place through the Federal regulatory regime. The proposal is mere political gimmickry without real substance. The evidence before the committee was that network costs in South Australia are higher than for Ausgrid and Endeavour Energy and comparable to Essential Energy. While Victorian costs are lower than those in New South Wales, the overall end-user electricity costs on a cents per kilowatt basis are, and always have been, higher in both South Australia and Victoria, despite the privatisation in those States. While electricity prices dropped in Victoria after privatisation, it was only because the Kennett Government had substantially increased the sale price to realise a higher market sale price and prices soon adjusted as the market found its equilibrium.

Whatever benefits may come from private ownership or operation of electricity businesses, low overall end-user electricity prices are not amongst them, and the weight of evidence also does not show that the privatised networks are more efficient than publicly owned networks. Given the regulatory framework, we do not accept that private companies will have a greater incentive to reduce costs than publicly owned companies, leading to lower network prices or lower retail prices.

Even where reductions in costs are achieved they are likely to be pocketed by the operating companies for the balance of the regulatory period rather than passed on immediately to consumers because of a lack of competition for the monopoly businesses and there being no requirement on retail electricity companies to pass on reductions in network costs. The Energy and Water Ombudsman NSW has found repeatedly that there is no real competition in the New South Wales retail market. Accordingly, we believe the powers of the Electricity Price Commissioner should be widened in this respect.

Labor supports investment in New South Wales, including from overseas, but investment by foreign governments or their commercial arms carries risks as well as opportunities. While private investors have only commercial interests, nations and their Governments also have strategic and diplomatic interests. Labor believes any authorised transaction or any subsequent transfer of a lease should be subject to ratification by each House of the New South Wales Parliament. The shortcomings of this legislation include the failure to make good the

commitments to workers in the industry and the failure to make good the commitments to consumers and taxpayers. I will leave my comments there and address the balance of what I have to say in the committee stage, which I am sure will be prosecuted with vigour and enthusiasm by all members of the Labor team that I have the privilege to lead in this place.

Pursuant to sessional orders business interrupted at 4.00 p.m. for questions.

Item of business set down as an order of the day for a later hour.

DISTINGUISHED VISITORS

The PRESIDENT: I welcome into the public gallery the Hon. Ajilon Jasper Nasiu, Speaker of the National Parliament of the Solomon Islands, accompanied by Mr Clezy Rore, the Clerk. The Speaker and Clerk are new to their roles and are here as part of the twinning arrangements between our parliaments. The Speaker and Clerk will take this opportunity to meet and share experiences with their counterparts, Madam Speaker, myself and, of course, our Clerk.

QUESTIONS WITHOUT NOTICE

LOBBYIST CHRIS HARTCHER

The Hon. ADAM SEARLE: My question is directed to the Leader of the Government and the Vice-President of the Executive Council. In light of the former Liberal Minister Chris Hartcher becoming a registered lobbyist, will the Minister give the guarantee that he, his fellow Ministers and Parliamentary Secretaries from the Legislative Council will not meet with him?

The Hon. DUNCAN GAY: I thank the honourable member for his question. There are strict protocols on whom Ministers and Parliamentary Secretaries can and cannot meet with and under what circumstances. As a stickler for protocol and proper process, I would be sticking to each one of those processes and adhering to the rules of lobbyists to within a millimetre.

The Hon. ADAM SEARLE: I ask a supplementary question. Having regard to the answer he just gave, can the Minister elucidate with respect to whether or not he will meet with Chris Hartcher?

The Hon. DUNCAN GAY: I do not meet with anyone who has not asked for a meeting.

The Hon. Greg Donnelly: Has he asked?

The Hon. DUNCAN GAY: No, he has not asked. As far as meeting anyone who is a lobbyist in this State, they have to adhere to the proper protocol and be on the lobbyist register. There are rules that dictate who I can and cannot meet with and the procedures that should be followed, and I will be following them exactly, as I suspect will the Premier and every other Minister in this State.

LOCAL GOVERNMENT INFRASTRUCTURE

The Hon. BRONNIE TAYLOR: My question is addressed to the Minister for Roads, Maritime and Freight. Will the Minister update the House on how the New South Wales Government is supporting local government in upgrading council-owned roads and bridges?

The Hon. DUNCAN GAY: I thank the honourable member for her question and as a resident of Nimmitabel, not Woollahra, she would be aware more than most of the dearth of infrastructure across this State. We are determined to turbocharge this State by delivering the critical infrastructure New South Wales needs. But as we stand here today the Government is deep in the process of investing more than \$60 billion to build, upgrade and repair infrastructure across the length and breadth of our State. That includes more than \$1.5 billion in State grants to city and country councils for their roads and bridges—a 40 per cent increase in funding compared to the last term of the previous government. That is a good increase. I do not know what Labor was

doing. We are delivering major infrastructure projects that for too long were left in the too-hard basket. The public understands this, which is why they backed our plan of Rebuilding NSW. This plan also includes having council-owned infrastructure upgraded.

The PRESIDENT: Order! There is far too much audible conversation in the Chamber. The Minister has the call.

The Hon. DUNCAN GAY: I thank you, Mr President. They are a little bit embarrassed about this and that is why they try to distract. In the past governments were reluctant to fund local and regional roads on a major scale. This defeatist attitude resulted in a massive backlog estimated by the National Roads and Motorists Association [NRMA] to be now \$4 billion in regional New South Wales alone. We are addressing this through initiatives like Fixing Country Roads, which involves the New South Wales Government partnering with councils, industry and the Commonwealth to fix "last mile" links to railheads, silos, saleyards, abattoirs, distribution centres and fuel depots. I just heard the shadow Minister for Transport decrying this great initiative. Shame, absolute shame.

The Hon. Mick Veitch: Point of order: My point of order relates to the unparliamentary behaviour of the Leader of the Government. No-one on the Opposition side made any comment like that at all, and there is no shadow Minister for Transport in the Chamber.

The PRESIDENT: Order! The member was making a debating point. The Minister has the call.

The Hon. DUNCAN GAY: I apologise for calling the Hon. Penny Sharpe the shadow Minister for Transport; I forgot that she no longer has that job. Nearly 80 council roads and bridge projects are now underway as part of the first lot of funding. What started in 2012 as a series of small pilot projects in Boorowa, Forbes and Narromine has now grown to a \$100 million statewide program. Under Rebuilding NSW we will expand Fixing Country Roads by an extra \$500 million.

The Hon. Greg Donnelly: That's all?

The Hon. DUNCAN GAY: The Labor Party says, "Is that all?" This is the party that wasted that amount of money on the Rozelle Metro and did not lay an inch of track. That is why they are the losers sitting on the red lounges opposite.

The PRESIDENT: Order! I call the Hon. Penny Sharpe to order for the first time.

The Hon. DUNCAN GAY: We are addressing this. This is serious, game-changing money for local and regional roads infrastructure. Importantly, the Fixing Country Roads program is devoid of political interference. [*Time expired.*]

NORTHERN NSW HEALTH SERVICES.

The Hon. WALT SECORD: My question is directed to the Minister for Ageing, representing the Minister for Health. Has the current level of health funding to the Northern New South Wales Local Health District caused patients to be turned away from Lismore Base Hospital's women's unit, forced a Ballina aged-care facility into a two-week lockdown due to a gastroenteritis outbreak, and caused the closure of Murwillumbah District Hospital's birthing service, which required mothers to travel more than 30 kilometres for assistance?

The Hon. JOHN AJAKA: I note the very extensive question asked by the Hon. Walt Secord, which I will refer to the Minister for Health and obtain an answer for him.

NORTH-WEST LAND CLEARING

Dr MEHREEN FARUQI: My question is directed to the Minister for Ageing, representing the Minister for the Environment. The Office of Environment and Heritage suspended Native Vegetation Act compliance visits to investigate alleged land clearing in the district north-west of Wee Waa in May. Was that done at the request of the member for Barwon, Kevin Humphries, or for another reason?

The Hon. JOHN AJAKA: I will refer that question to the Minister for the Environment and obtain an answer for the honourable member.

The PRESIDENT: Order! I call the Hon. Dr Peter Phelps to order for the first time.

TOURISM AND MAJOR EVENTS

The Hon. NATASHA MACLAREN-JONES: I address my question to the Minister for Ageing, representing the Minister for Trade, Tourism and Major Events. How has the State's visitor economy been impacted by the dramatic increase in the number of events?

The Hon. JOHN AJAKA: I acknowledge the strong interest of the Hon. Natasha Maclaren-Jones in ensuring this great State is number one for tourism and major events. I also acknowledge my colleague and friend the Hon. Stuart Ayres in the Legislative Assembly, whose excellent work since becoming the Minister for Trade, Tourism and Major Events has been outstanding, and I intend to highlight that this Chamber. Last year New South Wales experienced a bumper year for tourism because this Government through Destination NSW supported 136 sporting, cultural and lifestyle events. These events delivered more than \$510 million in visitor spending in New South Wales, which is a 9 per cent increase on the previous year's visitor spend. This Government is the best thing that ever happened to tourism in New South Wales. The facts are clear.

The PRESIDENT: Order! I call the Hon. Greg Donnelly to order for the first time. I call the Hon. Walt Secord to order for the first time.

The Hon. JOHN AJAKA: The Government is supporting significantly more events since having been elected in 2011 and returned in 2015. In 2011 the Government supported 94 events whereas in 2014 it supported 136 events. So far this year, the Government has already committed to supporting 106 events, with many more to come. In 2014 New South Wales was named "Best Event State" in Australia at the Australian Event Awards for the second year in a row—a great result for New South Wales.

Recently Tourism Research Australia released its State Tourism Satellite Accounts, an internationally recognised benchmark for estimating the economic contribution of tourism. The Tourism Satellite Accounts reports on four key indicators: tourism consumption, direct gross State product, direct gross value added, and tourism employment. The accounts show that total tourism consumption in Australia grew by \$4 billion to reach \$113.3 billion in 2013-14, with New South Wales delivering an extra \$2 billion or 50 per cent of that total growth. Importantly, approximately 2,000 extra New South Wales jobs were created in the tourism sector in 2013-14, bringing the State's direct employment to its highest level since 2011. The increase in the number of events secured or supported by the Government can be directly equated to its decision four years ago to merge the tourism and events agencies into a single entity, Destination NSW.

The activities, programs and events put in place by the Government through Destination NSW have reversed a decline in visitation to and expenditure in New South Wales. On all key metrics for visitation since Destination NSW was established, New South Wales has outstripped both the average growth per annum and total period growth for overnight visitors. The total value of tourism, day trip and overnight expenditure was \$27.9 billion during the year ended September 2014, compared to \$23.1 billion for the year ended September 2009. The New South Wales visitor economy contributes more than \$53,000 every minute or \$3.2 million every hour 24/7, 365 days a year. This value has grown 11.6 per cent since the formation of Destination NSW. By supporting more major events we have attracted more tourists to New South Wales. Those tourists, in turn, boost the State's economy when they stay at local hotels, visit our tourist attractions, eat at local restaurants and even take taxis home. Our commitment to growing the visitor economy through event acquisition is seen most—*[Time expired.]*

PRISON POPULATION

The Hon. PAUL GREEN: My question is directed to the Minister for Roads, Maritime and Freight, representing the Minister for Corrections. A recent report titled "The 2015 NSW prison population forecast" found the New South Wales prison population is likely to increase over both the short and long term. In addition, if relevant influences remain unchanged, New South Wales will have a prison population of 12,191 prisoners by March 2017, rising to 12,500 by June 2036. Recommendation No. 9 of the Select Committee on the Closure or Downsizing of Corrective Services NSW Facilities stated there is a need to build new correctional centres in the north of the State. Will the Minister inform the House whether a new correctional centre will be established in Grafton? If so, when?

The Hon. DUNCAN GAY: I thank the Hon. Paul Green for his question, which highlights the projected prison population at 12,500. I am informed that this Government has delivered the best crime statistics on record, with all major crime categories having fallen or remained stable across the State. The Government

makes no apologies for having strong bail laws. The Government is committed to ensuring the safety of our community, and the people of New South Wales have a right to feel safe in their homes and on the streets. The Government has allocated an extra \$56 million in the 2014-15 budget for the creation and management of 950 new beds and re-opened Kirkconnell Correctional Centre.

According to figures from the Bureau of Crime Statistics and Research [BOSCAR], in the 24 months to September 2014 none of the major offence categories showed a significant upward trend across the State. One of the challenges of having strong bail laws is that it can put pressure on our existing corrections infrastructure. As the Hon. Paul Green said, like other Australian jurisdictions, New South Wales has been experiencing an increase in the prison population. This Government is implementing a number of measures to manage this increase in demand, which include increasing the number of modular beds to efficiently manage sudden changes in demand and reopening Kirkconnell jail. This Government is also improving efficiencies. Operating expenditure per inmate day is 19 per cent more cost effective than it was under the former Government. New South Wales has the second-lowest prison per day cost in Australia, which ultimately saves taxpayers money.

This Government will not rely primarily on quick fixes. We are planning for the future with development of a long-term infrastructure strategy for the New South Wales prison system. The Government will also use evidence-based approaches to reduce re-offending and forecasting models for inmate numbers. Any options will be considered with community safety at the forefront. Certainly, the Hon. Paul Green's suggestion about Grafton will be taken on board, and I will refer it to the Minister for a detailed answer.

CROWN ROADS

The Hon. MICK VEITCH: My question is directed to the Minister for Primary Industries. In light of recent reports on the Government's sell-off of Crown roads, will the Minister guarantee that all Crown roads connected to public lands or waterways used for public recreation will be kept in public hands?

The Hon. NIALL BLAIR: I thank the member for his question. The Department of Primary Industries, through Crown Lands, is responsible for more than 500,000 hectares of Crown roads, the majority of which have not been formed or constructed. As many of these roads are not required for access by the general public, the Government has a program to close and dispose of unnecessary Crown roads.

The Hon. Greg Donnelly: Kerching!

The Hon. NIALL BLAIR: It did not take the member opposite long. He has been eyeing off that seat for a couple of weeks, and there he is.

The Hon. Mick Veitch: Point of order: My point of order is relevance. My question was about Crown roads. I ask you to draw the Minister back to the question before the House.

The PRESIDENT: Order! The series of interjections during the Minister's answer has been disrupting the flow of question time. Nevertheless, the Minister is encouraged not to respond to interjections, which are disorderly at all times.

The Hon. NIALL BLAIR: The program benefits landholders by providing them with the opportunity to incorporate additional land into their property, to improve security of tenure and to allow the land to be managed to its full potential. There are approximately 6,500 pending road closure applications. It is anticipated that around 2,100 applications will be completed in the 2014-15 year, generating revenue in excess of \$17 million. The roads program has been allocated \$9.4 million per annum for two years from 2014-15 to 2015-16. About 6,700 road closure applications have been completed over the past four years, generating \$60 million.

Access to waterways is an important issue for recreational anglers. The Department of Primary Industries [DPI] has been working with recreational fishers and fishing clubs to identify, maintain, enhance and promote access to waterways throughout New South Wales for the benefit of recreational fishers and the community. DPI Fisheries and Crown Lands officers have worked together effectively for the benefit of recreational fishers and have not only preserved existing angler access in many cases but also have identified additional access to water courses for both anglers and the broader community.

The same principles apply to other areas of public land that the broader community is entitled to access for leisure, recreation or relaxation. Crown roads will not be closed in cases where alternative legal access does

not exist or where the roads are required for access by the public. There has been a recent application for the sale of several Crown roads near the Barrington River in the locality of Bindera. No decision has been made by DPI Crown Lands in relation to this application. DPI Fisheries have assessed this site and did not initially object to the sale of any roads in that application as there was more practicable access for fishing close by. I understand an extension has been since granted for all parties until 5 June 2015 in this particular matter. The New South Wales Government clearly recognises the importance of landholders, the recreational fishing sector and the broader community and is fully behind supporting them through this process.

BIODIVERSITY LEGISLATION

The Hon. RICK COLLESS: My question is addressed to the Minister for Primary Industries, and Minister for Lands and Water. Will the Minister update the House on how the New South Wales Government is reforming biodiversity legislation?

The Hon. NIALL BLAIR: I thank the honourable member for his question. The New South Wales Liberal-Nationals Government is committed to delivering on its election commitment to reform biodiversity legislation. I am now working closely with the Deputy Premier, the Minister for the Environment, Minister for Heritage, and Assistant Minister for Planning, to draft this new legislation and to ensure we meet our firm commitment to release an exposure draft of the new bill before the end of 2015. That commitment was reaffirmed in the historic memorandum of understanding between the New South Wales Liberals and Nationals and the NSW Farmers, signed by the Deputy Premier and the NSW Farmers President, Ms Fiona Simson.

The laws that Labor introduced have failed. For almost two decades those laws have unfairly placed the burden of biodiversity protection solely on the shoulders of our farming community. Despite that, overall biodiversity loss has continued. That is why last year the New South Wales Liberals and Nationals Government appointed an independent expert panel of four leading specialists in biodiversity and natural resource management to undertake a review: Dr Neil Byron, Dr Wendy Craik, Dr John Keniry and Professor Hugh Possingham.

The panel made 43 recommendations to Government on how to minimise future losses of native biodiversity while making it easier for our world-class farming sector to get on with producing food and fibre. We have supported the recommendations in full and are implementing them as an integrated package of reforms. These reforms will repeal the broken Native Vegetation Act and the Threatened Species Act, and a new biodiversity conservation bill will be introduced. The reforms will end the site-by-site incremental erosion of biodiversity overseen by Labor. It will apply consistently to all landholders, ensuring that the community as a whole plays its part in the protection of biodiversity.

We know that these laws have been a major impediment to sustainable growth in our primary industries sector, yet they have not improved biodiversity protection. Our proposed reforms are a once-in-a-generation opportunity to modernise and simplify an outdated set of biodiversity laws in order to improve our land's productivity, the strength of our ecosystems and strategic conservation outcomes across New South Wales. The proposed reforms will level the playing field for all forms of development, including clearing native vegetation for agricultural development and ensuring a balanced approach is taken to managing biodiversity that considers economic, social and environmental issues.

The Government will place more trust in farmers, making it simpler to clear land where appropriate by eliminating the need for consent in the majority of cases. In the small proportion of cases that will require consent to clear land where there is a high environmental impact, we will make the system simpler. The changes will make it easier for landowners to navigate planning requirements around clearing by providing certainty about which approval pathway applies to the clearing that landowners want to do on their land. The new system will also make it easier to understand how landowners can offset certain types of clearing.

Farmers are some of the best environmental custodians and the Government will cut red tape, provide more flexibility and remove unfair environmental standards so that farmers can get on with what they do best—managing their land. The New South Wales Government will work closely with the independent expert panel in the drafting of this new legislation, which will also involve targeted consultation with farmers and other interested stakeholders. When this legislation is introduced into the House, it will be a landmark reform. I am happy to provide briefings to any interested members as we progress.

SAFE HAVEN ENTERPRISE VISA PROGRAM

Dr JOHN KAYE: My question without notice is directed to the Minister for Primary Industries, representing the Minister for Education. My question relates to additional funding to provide for students who

have substantial English as a second language [ESL] needs and who, as a result of the Government's Safe Haven Enterprise Visa program, are likely to enrol in rural and regional public schools that have no ESL programs or infrastructure. Will the Minister tell the House what additional funding will be provided and how it will be allocated? In the event that there will be no additional funding, how will the ESL needs of these students be met?

The Hon. NIALL BLAIR: I thank Dr John Kaye for his detailed question. I will refer it to the Minister for Education for a detailed response.

MARK NEEDHAM

The Hon. GREG DONNELLY: My question without notice is directed to the Minister for Ageing, Minister for Disability Services, and Minister for Multiculturalism. Since the March election, how many meetings has he, his staff or his departmental officials held with former Liberal Party Director, Mr Mark Needham, who is now Group Director with Primary Health Care Limited?

The Hon. JOHN AJAKA: All meetings held by me as Minister or by any of my staff in my capacity as Minister are noted in my diary disclosures. I suggest that the honourable member look at those diary disclosures.

The Hon. GREG DONNELLY: I ask a supplementary question. In light of my question and the Minister's answer, will he elucidate his answer with respect to outlining the dates of the meetings he, his staff or his department officials held with former New South Wales Liberal Party Director, Mr Mark Needham, who is now Group Director of Primary Health Care Limited?

The PRESIDENT: Order! The supplementary question is out of order.

GRAIN RAIL LINES

Mr SCOT MacDONALD: My question is addressed to the Minister for Roads, Maritime and Freight. Can the Minister update the House on the work that the New South Wales Government is undertaking to update grain lines across New South Wales?

The Hon. DUNCAN GAY: I am becoming increasingly impressed with this member, who is the best Parliamentary Secretary I have ever had.

The Hon. Walt Secord: He's coming from a low base.

The Hon. DUNCAN GAY: He is going well. The work we are undertaking to upgrade rail lines is delivering significant benefits across regional New South Wales to farmers, truckies, freight operators, livestock and grain businesses, local businesses and communities. Since 2011 we have invested more than \$190 million to upgrade and repair grain rail lines, with another \$150 million committed over the next three years, which is not bad. Since 2011 we have replaced 370,000 old timber sleepers—not those opposite but those on the lines—with modern long-life steel sleepers on sections of line such as the Bogan Gate to Tottenham line. We have resurfaced 1,400 kilometres of track and constructed 60 new bridges and culverts, including significant work on a bridge replacement at Humbug Creek near Ungarie. We have upgraded 48 level crossings, laid 205,000 tonnes of new ballast and completed the re-railing of 57 kilometres of track from Armatree to Coonamble with heavy track.

The great news is we will be doing even more to improve grain lines across New South Wales. A total of \$21 million will be spent on upgrading rail sidings on the country regional network over the next three years, with the first projects at Nevertire and Ardlethan due for completion in September this year. At Ardlethan a \$3.4 million project to extend the existing rail siding from 750 metres to 1,170 metres, together with GrainCorp and Emerald Grain installing new over rail loading equipment is expected to save seven hours in the loading time of each 40 wagon train—a damn good saving.

We are also committing \$2.9 million to extend the current grain loop from 750 metres to 1,215 metres at Nevertire, which will allow a 600 metre train to load in a single pass at the existing GrainCorp site. By upgrading rail lines we are getting heavy vehicles off local roads and putting freight on rail for the long haul. We are saving not only money but also time, and we are saving costs. Complementary investment is being

undertaken by GrainCorp and Emerald Grain, which will ensure these savings are passed on to the growers. This is an important saving: At Ardlethan GrainCorp expects to achieve a saving of up to \$7.80 per tonne, \$2.20 of which is related to rail siding upgrades.

A saving of up to \$7.80 per tonne is a substantial saving for a regional industry. In addition to the work we are currently undertaking, our regional rail network, in particular our grain lines, will enjoy a further investment of \$400 million as part of the Rebuilding NSW plan under an initiative to be called Fixing Country Rail. The work we are doing on grain lines across regional New South Wales is a win for everyone. [*Time expired.*]

SAME-SEX MARRIAGE

Reverend the Hon. FRED NILE: I ask the Minister for Roads, Maritime and Freight, representing the Premier, and Minister for Western Sydney, a question without notice. Has all discrimination been removed in Australian law against that 2 per cent of the Australian population who are homosexuals or lesbians? Is it a fact that, despite it being law, supporters of traditional marriage are being heavily criticised in the Australian media and by same-sex marriage supporters? What will it be like if marriage is redefined? Are a number of court cases occurring already in the United States and the United Kingdom against companies and clergymen who will not endorse or support same-sex marriage? What steps is the Government taking to support the millions of people in New South Wales who support the traditional historic definition of a God-given marriage as a union between one male and one female?

The Hon. DUNCAN GAY: I thank the member for his question relating to same-sex marriage, which he asked me to refer to the Premier. It is a question that I will refer to the Premier.

HOME CARE SERVICES

The Hon. SOPHIE COTSIS: My question is directed to the Minister for Ageing, Minister for Disability Services, and Minister for Multiculturalism. In light of the new fee policy for home-care services which will see Meals on Wheels being more expensive than commercial deliveries such as Lite n' Easy, how will the Minister assist New South Wales pensioners to continue to gain access to affordable meals?

The Hon. JOHN AJAKA: I assure the member that this Government is continuing to take all the necessary steps relating to the day-to-day living expenses of our seniors. A number of programs are in place to help our seniors meet their day-to-day living expenses, the Seniors Card being one such program. Meals on Wheels services, many of which are provided through small locally based non-government organisations, are a valuable part of both the aged care and disability service systems. Meals on Wheels services in New South Wales receive more than 90 per cent of their funding from the Commonwealth Home and Community Care program to provide services to people aged 65 years and over. Around 7 per cent comes from the New South Wales Government's Community Care Supports Program for the provision of services to people with disability.

As members may be aware, from 1 July this year the Commonwealth Home and Community Care program will be replaced by the Commonwealth Home Support program. I understand that the Commonwealth has advised service providers that funding for services such as Meals on Wheels will be extended to 30 June 2017 under the new Commonwealth program. This funding extension will enable these valuable services to continue. New South Wales funding for Meals on Wheels services for people with disability has also been extended until at least 30 June 2016, at which point funding for disability services will begin to transition to the National Disability Insurance Scheme.

SENIORS HUB

The Hon. SHAYNE MALLARD: My question is addressed to the Minister for Ageing, Minister for Disability Services, and Minister for Multiculturalism. Can the Minister outline how the New South Wales Government is supporting seniors to use technology?

The Hon. JOHN AJAKA: During the 2015 Sydney Royal Easter Show the New South Wales Government and Telstra partnered to sponsor the Seniors Hub on the two seniors days at the show: 31 March and 1 April. The hub was the go-to destination for seniors and provided a range of tech savvy senior activities, including demonstrations of how to use computers, smart phones and tablets. As part of the hub activities, a

photo competition called "The Show Through My Eyes" was held for the second year, after being well received by seniors in 2014. The competition was open to amateur photographers from New South Wales 60 years and over and attracted over 460 entries.

Last week I had the pleasure of joining Tim O'Leary, the Telstra chief sustainability officer, to present the major prize for the photo competition to Mr Michael Morrissey from Carlingford for his iconic image of children enjoying the classic family Easter Show ride, the Wave Singer. It was great to see so many seniors using their smart phones and devices to enter "The Show Through My Eyes" photo competition. Telstra provided technology, advice and assistance along with the Australian Seniors Computer Club Association. It generously provided hourly prizes at the show of mobile phones and \$50 gift cards as well as daily prizes of iPads and \$500 gift cards. As the first prize winner, Mr Morrissey won a cruise for two people valued at \$10,000 courtesy of NSW Seniors Card. The free tea and coffee provided by the Royal Agricultural Society was also very popular and gave many seniors the chance to relax and to have a chat.

The New South Wales Government and Telstra both recognise the importance of older people being connected online to deliver real help, and social and community benefits, especially to those in rural and remote areas. Training has been provided in 36 community colleges and 64 libraries across New South Wales, many of which are in rural and remote areas. This program has seen more than 17,000 training places filled by more than 11,000 seniors. An independent evaluation found that for every dollar invested in Tech Savvy Seniors, almost \$11 is returned in social value.

I am pleased to confirm that in February 2015 the Premier and I launched phase two of Tech Savvy Seniors to expand the program to include training and learning guides in six languages other than English and Auslan. With the Government's recent commitment to provide an additional \$2 million in funding to expand the program over four years from 2015-16, Tech Savvy Seniors is now entering a new phase of expansion that will see the program extend seniors' use of technology into other realms that assist them with daily life such as internet banking. This partnership with Telstra is an excellent example of the Government and the business community working together to increase opportunities for seniors and to support our ageing population. I commend and thank Telstra for the direct support that it has provided to seniors living in New South Wales.

PIGGERY MANAGEMENT

The Hon. MARK PEARSON: I direct my question to the Minister for Primary Industries. What steps is the Government taking to ensure that it is mandatory for all commercial piggeries and all intensive farms to have water sprinkler and remote monitoring systems in place to prevent events such as the burning to death of approximately 400 pigs on 9 April in a fire at Boen Boe Piggery near Bowral and an incident on 23 February at Grong Grong Piggery near Narrandera when 500 pigs died from heat stress due to a malfunctioning ventilation system?

The Hon. NIALL BLAIR: The piggery fire at Joadja, which is near where I live, occurred early in my time as Minister for Primary Industries. When something like that happens near to where we live we take a particular interest in the investigation and the outcome. I place on the record my thanks to the staff of Local Land Services, Fire and Rescue NSW and the Rural Fire Service who attended the event. As the honourable member said, a large number of pigs perished. About half died as a result of the fire and the other half were euthanased because of respiratory complications and toxicity from smoke inhalation. Cattle were also in the shed, but were released by Rural Fire Service personnel into a nearby paddock, but unfortunately one died.

The Rural Fire Service contacted the Department of Primary Industries requesting that a representative attend the site and offer advice and assistance. The department contacted South East Local Land Services, which immediately despatched three staff to offer assistance, including a veterinarian and a senior biosecurity officer. Once the site was declared safe to enter, Local Land Services staff assisted the manager to assess and euthanase stock following a veterinary assessment. Additional Local Land Services staff were called in to assist once the scale of the stock impact was identified. Staff assessed the welfare of the remaining stock and offered support to the owner on the disposal and recovery process.

The property is within the Sydney Water catchment area. A risk assessment has been completed in conjunction with the New South Wales Environment Protection Authority, which gave approval for the owner to bury the dead animals on the site. Local Land Services staff will continue to support the owner in the recovery phase. As I indicated, I took an interest in the event because it occurred close to where I live. When

I saw the communique and noticed that the incident had occurred at Joadja, I took a particular interest. In answer to the honourable member's question about what will occur in future as a result of this experience, if I have anything further to add I will advise him and the House.

HOME CARE SERVICE

The Hon. PETER PRIMROSE: I direct my question to the Minister for Ageing, Minister for Disability Services, and Minister for Multiculturalism. In light of the Minister's statement that staff of the Home Care Service will deliver 3.7 million hours of service to more than 51,000 people in New South Wales, will he guarantee that there will be no reduction in the number of people receiving care or the number of hours offered by the service after it is privatised?

The Hon. JOHN AJAKA: The honourable member can rest assured that this Government is taking necessary action in working with Home Care Service workers and their union—United Voice—to ensure the smoothest transition of the Home Care Service to a non-government service provider. The Government will ensure that priority is given to clients continuing to receive the same quality of care in the same circumstances. That is why it was imperative that we work closely with Home Care Service workers, who are a vital part of providing the excellent services that are offered. We will ensure that they continue to provide those services. It was for that reason that the Government entered into a memorandum of understanding with United Voice. It was well and truly acknowledged that it was important that all parties work together to ensure that clients experience the smoothest transition possible. The Government will continue to do that and I will continue to report to the House about the wonderful progress being made.

The Hon. PETER PRIMROSE: I ask a supplementary question. I thank the Minister for his response. Can he elucidate the process that he has outlined by indicating whether or not the Government will ensure that there is no reduction in the number of people receiving care or the number of hours of service being provided?

The Hon. JOHN AJAKA: The New South Wales Government recognises the vital role that Home Care Service plays in the provision of in-home support to older people and people with disability and their carers who need assistance with daily living. In order to protect the provision of quality services to disability and aged clients, to retain home care as a whole, including Aboriginal Home Care, and to give Home Care Service staff the best long-term job prospects, the Government will move to select a provider by the middle or towards the end of 2015. It is doing that so that it can better support how aged and disabled care is delivered in future in New South Wales with the introduction of the National Disability Insurance Scheme and the Commonwealth Government's aged care reforms. The transfer process for Home Care Service will involve an open and competitive tender conducted under strict confidentiality and probity arrangements.

Decisions throughout the transfer process will be based on a number of considerations, including the quality of services being maintained, continuity of support to clients, and the ability to transition the workforce to the new provider. In January this year, the Government invited interested parties to lodge an expression of interest to acquire Home Care Service by 24 February 2015. The next step will be for some of the interested parties to be invited to participate in a final bidding phase. This process will allow the Government ultimately to identify the most suitable party to operate the Home Care Service in the future.

SYDNEY WATER

The Hon. CATHERINE CUSACK: My question is addressed to the Minister for Primary Industries, and Minister for Lands and Water. Can the Minister update the House on Sydney Water's role in response and recovery to last month's severe weather and its plans for dealing with wet weather overflows in the future?

The Hon. NIALL BLAIR: Members may be aware that in April Sydney, like the Hunter, experienced some of its heaviest rainfall in nearly 20 years. The work of our emergency services and power utilities has been commended and I take this opportunity also to acknowledge the commitment and dedication of Sydney Water staff. On 21 and 22 April Sydney Water had extra staff on the ground and worked right through the night to try to ensure the reliability of water and wastewater services for customers. The storm event caused an extremely rare power outage across Sydney Water's area of operations, especially the northern beaches region. This resulted in a power failure at the North Head Wastewater Treatment Plant and impacted more than 200,000 homes across Sydney. I am pleased to report that due to recent investments in the reliability of the system, customers in Sydney, the Illawarra and Blue Mountains mostly had an uninterrupted water supply throughout the storm. Given that Sydney Water services about 1.8 million properties, it goes to show how quickly contingency plans were implemented and customers' water supply was restored.

I am pleased to inform the House that Sydney Water is working to build further resilience to wet weather events and is taking the community along with it. Sydney Water is developing a new regulatory proposal for wet weather overflows for its four major coastal wastewater treatment systems. Overflow points are designed to release pressure on the wastewater network to cater for the excess stormwater that enters the system during heavy rainfall. As part of this proposal, between mid-May and August this year, Sydney Water is undertaking extensive community and stakeholder engagement to ensure that the community has the opportunity to be involved in and understand the new proposal. The planned engagement will include a number of workshops with key stakeholders and the community, which will include a number of community workshops being held at a number of major centres across Sydney, engagement with key stakeholders, including councils and environment groups, and an online engagement platform to provide a wider opportunity for the community to provide feedback and obtain further information.

As members would know, the Environment Protection Authority [EPA] regulates Sydney Water's wet weather overflow performance through environment protection licences for its wastewater systems. It will consider Sydney Water's proposal in December, as part of the normal robust process of review. The EPA targets currently in place have not been reviewed in 20 years and a lot has changed in that time. The four coastal systems are the largest across the Sydney Water network. The cost of meeting the current frequency targets across these systems is estimated to be more than \$5 billion, which would result in an increase of about 50 per cent on the average household customer bill.

Members will be aware that the New South Wales Government is fiercely committed to placing downward pressure on household bills and, as such, I congratulate Sydney Water on looking to move to a new approach that considers the potential impact of overflows on environmental health, public health and amenity. This new proposal provides greater flexibility to identify and implement alternative solutions that deliver environmental and public health improvements that our community expects and it will also ensure value for money for customers. I encourage members of the community to take part and to have their say on this important piece of work.

GOLD COAST AIRPORT CROWN LAND LEASE

Ms JAN BARHAM: My question without notice is directed to the Minister for Lands and Water. I ask the Minister whether he is aware that the Gold Coast Airport Pty Ltd preliminary draft master development plan for installation of an instrument landing system [ILS], which is currently out for public consultation, states:

... a draft MDP and a supplementary report will be prepared and submitted to the Minister for Infrastructure and Regional Development for approval of the components of the project located on Commonwealth airport land only.

Can the Minister advise whether there will be any environmental planning and approval process relating to the components of the project located on the Crown reserve, noting that the proposed development involves significant clearing and installation of ILS infrastructure on this area of Crown land?

The Hon. NIALL BLAIR: I think the member is following up on a question that she asked last week when I indicated that the ILS is subject to approval of the major development plan under the Commonwealth Airports Act 1996 and a draft plan is currently out for public consultation. I also inform the House that the lease granted to the Gold Coast Airport Pty Ltd on 18 October 2013 for future airport infrastructure and land management was granted under the provisions of section 34A of the Crown Lands Act 1989. In granting the lease there was due regard to the principles of Crown land management and the public interest as required by the Act. Public consultation is not a requirement of the Act.

Gold Coast Airport and Airservices Australia are currently consulting the public about their proposed development of an ILS, which is being considered under the Commonwealth Airports Act. These provide security of tenure to enable the Gold Coast Airport to invest in planning approvals and capital works associated with this critical infrastructure. The ILS is subject to the approval of a major development plan under the Commonwealth Airports Act 1996 and, as I indicated earlier, the draft plan is currently out for public consultation, which concludes on 13 July 2015. As I indicated last week, any concerns by the public in relation to the proposed development should be made online at the website hosted by Gold Coast Airport.

Ms JAN BARHAM: I ask a supplementary question. My question related to the works that will take place on Crown land in relation to the ILS. My recollection is that the Minister's answer last week noted that there would not be work on land, but there will be. Will there be approval by the New South Wales Government for work on New South Wales Crown land?

The Hon. NIALL BLAIR: I do not have in front of me my answer from last week so I cannot confirm whether the member is correct in her recollection of what I apparently said last week. However, I reiterate that the lease granted to the Gold Coast Airport on 18 October 2013 for future airport infrastructure and land management was granted under the provisions of section 34A of the Crown Lands Act 1989.

Mr Jeremy Buckingham: And expansion.

The Hon. NIALL BLAIR: As I have indicated, in granting the lease due regard was given to the principles of Crown land management and the public interest as required by the Act.

HOME CARE SERVICE

The Hon. COURTNEY HOUSSOS: My question is directed to the Minister for Ageing, Minister for Disability Services, and Minister for Multiculturalism. In light of Home Care Service's work in rural and regional areas will the Minister guarantee that there will be no reduction in the services provided to the people in country New South Wales after it is privatised?

The Hon. Duncan Gay: There might even be an improvement.

The Hon. JOHN AJAKA: I note the interjection. I have made it clear that we will ensure that the transition of the Home Care Service is the best possible transition for its clients, whether they reside in the city or in country and regional New South Wales. As I have said, United Voice and the Government have entered into a memorandum of understanding because we agree that we should ensure that the Home Care Service is transitioned in the smoothest way possible to ensure the best outcomes for Home Care Service workers, who do an incredible job. That is what we will continue to do. It would assist if those opposite would stop this scaremongering and allow the Government to do its job, with representatives of Home Care Service workers, United Voice and all relevant stakeholders.

NEWELL HIGHWAY UPGRADE

The Hon. SARAH MITCHELL: My question is addressed to the Minister for Roads, Maritime and Freight. Can the Minister update the House on work that the New South Wales Government is undertaking to improve the Newell Highway?

The Hon. DUNCAN GAY: Thank goodness I have just enough time left in question time to answer this question. The New South Wales Government recently released the final Newell Highway Corridor Strategy, which will inform and underpin future upgrades to one of regional New South Wales' busiest and most important road corridors. The Newell Highway is the freight and transport backbone of regional New South Wales and we are committed to continuing to deliver infrastructure upgrades along the full 1,000 kilometre stretch of the highway.

Since 2011 the New South Wales Liberal-Nationals Government has invested an historic \$233 million to upgrade and repair the Newell Highway—the largest investment in the State's history. For example, 11 overtaking lanes have already been completed on the Newell Highway, including three near Narrabri, two near West Wyalong, two north of Moree, one near Coonabarabran, one north of Jerilderie, one north of Gilgandra and one near Parkes—I like to see overtaking lanes near Parkes; my granddaughters travel on that road and the safer the roads that our grandchildren travel on, the better. Another overtaking lane near Gilgandra is also under construction and a further six are in development for delivery by 2017.

A \$30 million investment in joint State and Federal funding has been made to construct the second stage of the Moree town centre bypass, which is expected to be completed months ahead of schedule, in late 2015. I look forward to joining Katrina Humphries from the Moree council and the local member, Adam Marshall, for the opening of the bypass. Some \$4.7 million was also invested to reconstruct the highway at Girrawheen, north of Moree, and \$3 million was invested in rebuilding the highway near the intersection of the Castlereagh Highway, north of Gilgandra. Both projects were completed last year.

We are steaming ahead with highway upgrades across this great State. As part of the Rebuilding NSW plan, \$3.7 billion will be injected into regional highways, roads and bridges, including half a billion dollars to upgrade the Newell Highway. With this investment, key improvements along the corridor will be delivered. This includes projects such as \$95 million for an upgraded road surface between Narrabri and Bellata; \$90 million for

an upgraded road surface north of Moree; and \$50 million for the duplication of the LH Ford Bridge at Dubbo, which connects the Dubbo central business district to the highway. L. H. Ford was a former mayor of Dubbo and a former member of the New South Wales Parliament. He was also a General Motors dealer—

The Hon. Walt Secord: A bit of product placement there.

The Hon. DUNCAN GAY: A little bit of product placement; they are both about to bite the dust, sadly. We are also investing \$50 million for a truck bypass at Parkes. Whether you run a regional trucking business, a local grocery store or use the road to get to and from town, this is good news. [*Time expired.*]

The time for questions has, sadly, come to a conclusion. I suggest that some of the great questions that have not been asked today be placed on notice.

Questions without notice concluded.

Pursuant to resolution Government business given precedence.

STANDING COMMITTEE ON LAW AND JUSTICE

Government Response to Report

The Hon. Duncan Gay tabled the Government's response to report No. 55 entitled "The family response to the murders in Bowraville", tabled on 6 November 2014.

Ordered to be printed on motion by the Hon. Duncan Gay.

GENERAL PURPOSE STANDING COMMITTEE NO. 4

Reference: Inquiry into the Ombudsman's Operation Prospect Inquiry

The Hon. ROBERT BORSAK: I inform the House that in accordance with the resolution of the House relating to the establishment of committees, General Purpose Standing Committee No. 4 resolved today to adopt the following reference:

- (1) That General Purpose Standing Committee No. 4 inquire into and report on the progress of the Ombudsman's Operation Prospect inquiry into police bugging and, in particular:
 - (a) the delay in finalising the report on the Operation Prospect inquiry into police bugging;
 - (b) the cost of Operation Prospect;
 - (c) the consequences of the conclusion of the term of office of the current Ombudsman on 30 June 2015 on both the inquiry and report and its ongoing impact on NSW Police;
 - (d) the circumstances in which the potential and/or proposed prosecution of a deputy police commissioner arising from Operation Prospect was divulged to the media;
 - (e) the role of the Attorney General's office in considering any referral from the Ombudsman relating to the inquiry; and
 - (f) any other related matters.
- (2) The Committee report on or before 20 July 2015.

ELECTRICITY NETWORK ASSETS (AUTHORISED TRANSACTIONS) BILL 2015

ELECTRICITY RETAINED INTEREST CORPORATIONS BILL 2015

Second Reading

Debate resumed from an earlier hour.

The Hon. WALT SECORD (Deputy Leader of the Opposition) [5.06 p.m.]: As the Deputy Leader of the Opposition, I make a contribution to debate on the Electricity Network Assets (Authorised Transactions) Bill

2015 and the cognate Electricity Retained Interest Corporations Bill 2015. This issue has been on the political landscape for almost 20 years and it has been canvassed extensively by all sides. As the member for Prospect said in the Legislative Assembly on 28 May 2015, everyone who tried previously to privatise electricity in New South Wales failed "because it was a bad idea".

I also note that my colleagues the shadow Minister for Industry, Resources and Energy, the Hon. Adam Searle, and the shadow Treasurer, Mr Michael Daley, have both dealt extensively with the machinery of the bills. But in simple terms the bills and their 110 pages facilitate the transfer of the State's electricity network to the private sector for the next 99 years. Despite the Government's claims, this is a sale—pure and simple. I know the Government says it is a lease, but if you lease something until beyond my, your or anyone else's lifetime I think most people would regard it as sold forever. Furthermore, the budget papers have previously treated other privatisations, such as the ports, as a sale.

This week we are participating in an historic and important debate. It will probably be the most important debate of the Fifty-sixth Parliament of New South Wales as the Liberals and The Nationals are set to embark on one of the largest privatisations ever undertaken in the history of this State. Without a doubt, if the legislation proceeds—and I call on crossbenchers to reject these bills—and passes through this Chamber, it will be the largest privatisation in Australia this financial year. Once our electricity network is sold, it is gone for good. Make no mistake: There is no turning back. That is why it is so egregious that this legislation has been rushed through the two Chambers of this Parliament.

These are decisions that will last well beyond our generation, and the legislation has been rammed through by the Liberals and The Nationals with all the review and scrutiny of a takeaway order made late on a boozy Saturday night. This is a clear case of acting in haste and repenting at leisure. I repeat for the benefit of Reverend the Hon. Fred Nile: This is a clear case of acting in haste and repenting at leisure. But Reverend the Hon. Fred Nile has given his blessing and waved his hand over the legislation so it will go ahead. I heard him say on ABC Sydney radio at 7.00 a.m. today that Premier Mike Baird should be pleased with the findings. Reverend the Hon. Fred Nile said:

Well, he'd be happy with the report.

I remind Reverend the Hon. Fred Nile that he is here to be part of a house of review and to scrutinise Executive Government. He is not here to please the Premier and the Liberal-Nationals Government. Reverend the Hon. Fred Nile is here to stand up for families and businesses of New South Wales.

The Hon. Dr Peter Phelps: Point of order: The Hon. Walt Secord is fully aware that he should be addressing his remarks through the Chair, not directly to Reverend the Hon. Fred Nile.

DEPUTY-PRESIDENT (The Hon. Natasha Maclaren-Jones): Order! I uphold the point of order. I remind the Hon. Walt Secord to address his comments through the Chair.

The Hon. WALT SECORD: Through the Chair, Reverend the Hon. Fred Nile, you are here to stand up for families and businesses.

The Hon. Dr Peter Phelps: Point of order: The honourable member is deliberating flouting your ruling and should be called to order.

DEPUTY-PRESIDENT (The Hon. Natasha Maclaren-Jones): Order! I remind the Hon. Walt Secord to consider his comments and to address his remarks through the Chair, rather than directly to another member.

The Hon. WALT SECORD: The legislation was debated in the Legislative Assembly before the parliamentary committee report into the sale of the electricity network had been completed. That is a downright broken promise to the community and a slap in the face to the select committee. That is why in this Chamber on 6 May I spoke strongly about the need for a comprehensive, fulsome and proper parliamentary inquiry into the Liberal-Nationals proposed sell-off of our electricity network. It was important that this occurred before we debated the legislation. The normal process is: committee examination, followed by recommendations from the committee informed by the committee process, and then legislation—not legislation drafted and introduced and the committee reports after that. I point to the reporting date of the parliamentary inquiry—it is a full six days after the legislation was rammed through the Legislative Assembly. That report was tabled only at 2.30 this afternoon, with a dissenting report from the Hon. Adam Searle and the Hon. Peter Primrose.

Dr John Kaye: And me.

The Hon. WALT SECORD: And Dr John Kaye. I note that the Hon. Adam Searle has foreshadowed that he will move amendments in Committee to secure a strong guarantee of lower prices for New South Wales and protections for workers in the electricity industry. The Opposition amendments will also promote greater transparency in the transaction process and protection of the public interest. These bills were passed by the Legislative Assembly before the 2 June reporting date. That shows utter contempt for the parliamentary process, utter contempt for our roles as elected representatives and utter contempt for the community, who wanted to have a proper examination of this process. As indicated in the Legislative Assembly by the Leader of the Opposition, Luke Foley, and the shadow Treasurer, Michael Daley, Labor will oppose this legislation. However, this morning the Leader of the Opposition acknowledged the minor adjustment of some short-term worker protections and welcomed them as a small step forward by the Government.

I acknowledge that the Liberal-Nationals appear to have a majority in this Chamber to pass the electricity privatisation legislation. But Labor members gave a public commitment that we would oppose the legislation to privatise the State's electricity network—win, lose or draw. While some believe the Premier, Mike Baird, is entitled to claim a mandate and to act on it, Labor members also have a mandate to vote against the legislation. Every single one of the 14 new Labor Legislative Assembly members campaigned against it, as did the seven Labor Legislative Council members who were returned, including me. Yes, every Labor candidate campaigned at the election on the party policy in favour of retaining the monopoly part of the State's electricity network in public hands.

Reverend the Hon. Fred Nile: Did that include Mr Foley? Did he campaign on that?

The Hon. WALT SECORD: Yes, he did. As the Leader of the Opposition, Luke Foley, said in the Legislative Assembly:

It is, frankly, an absurd suggestion that a party that has lost an election should roll over and support each and every piece of legislation brought by the governing party. It has never been the case—and it never will be. If that were the case, Labor members, who have been continuously sitting in this House in every Parliament since 1891, would, on that theory, be required to vote for each and every piece of conservative legislation, even when it is in total violation or contrasts with the settled policy of the Labor Party. Parties are entitled to their policies. The Labor Party in New South Wales has a policy in favour of retaining a monopoly electricity network in public hands. That is our policy; and Labor members are proud to be here to vote in accordance with the policy of the Labor Party.

During the election campaign arguments were put for and against privatisation. Labor believed, and still believes, that it does not make economic sense to lose the lucrative dividends that flow into the State Treasury from the electricity distribution and transmission businesses. New South Wales is the greatest consumer of electricity in the nation compared with other States and Territories. These revenue streams fund our doctors, police, teachers, nurses, paramedics and more. Each year New South Wales receives dividends from electricity companies to fund infrastructure and staff because our State owns the electricity network. Last year New South Wales received \$1.7 billion in dividends and other payments, but if we sell our poles and wires this funding source will go to the new owners as profit, not to provide essential services and pay the salaries of doctors, police, teachers, nurses, paramedics and more. We know that the sale prices currently floated do not represent good value on the up-front versus ongoing return analysis.

Labor does not believe it is in the interests of the families of New South Wales to sell the electricity network for 99 years, and for a price equivalent to less than 17 years of dividends. Who would believe that is a good deal? To put it in everyday terms, it is like leasing your house for a year and getting a couple of months' rent in return for doing so. As the profits go to private owners rather than State services and infrastructure, a funding hole will open in the State budget. This is the very point that UBS made in its report initially entitled "Bad for the budget, good for the state," which the Baird Government and the Premier's personal ministerial staff interfered with during the election campaign. The Liberal-Nationals are selling a profitable asset. The sale is not in the interests of the State budget and therefore not in the interests of families. Like the Leader of the Opposition and the shadow Treasurer, I will be looking closely at the Treasurer's budget speech to see how the Baird Government will fill the hole in the recurrent budget that will open up when the current electricity network dividends are gone.

I am concerned also about the price hikes that have occurred overseas when other networks have been sold off or tampered with. In California in 2000 and 2001 a partial deregulation allowed private operators to game the system to push up prices. In California they created a shortage of electricity supply through market manipulations and illegal shut-downs, which cost the community billions of dollars. That is just one example of

how private ownership of essential services can be a very poor mix. The Council of Social Service of New South Wales and the Public Interest Advocacy Centre have expressed concerns about the impacts on the most vulnerable and those on tight incomes. Labor shares their view. We all know that the privatisation of our electricity network will result in higher power bills for families across New South Wales. Even the Premier knows this; hence his feeble claim that the appointment of Professor Allan Fels as the Electricity Price Commissioner will ensure lower prices until 2019. This is, at best, a short-term stop-gap solution. Like the boy with his finger in the dam wall, the appointment of the professor will, at best, delay by mere months the inevitable caused by selling the New South Wales electricity network. He may hold back the flood until the next State election in 2019, but what happens for the next 95 years in New South Wales?

As I have often said, the past practice of this Government is an indicator of its future actions. Since the Liberal-Nationals came into power in April 2011 the average household electricity bill has increased by \$629 a year, or by 42.6 per cent. As for rural and regional families, bills from Country Energy and Essential Energy have increased by \$669 on average. Under the Liberal-Nationals, electricity prices have gone in only one direction—and that is up. Higher electricity prices for New South Wales families will mean that the Baird Government can achieve a higher sale price from potential buyers. This is simply a case of the Liberal-Nationals fattening the electricity businesses for sale rather than working in the best interests of New South Wales families. Afterwards the sale prices will go in only one direction—you can guarantee that. On the flip side, the Premier is refusing to guarantee a higher sale price. Perhaps the Premier does not know how much he will get from the proceeds of the sale. Perhaps the Premier is afraid the community will realise that he will not be able to honour all his extravagant promises. As I said on 6 May during the address-in-reply debate on the Governor's Speech, during the 2015 State election campaign the Premier was:

... absolutely flamboyant, committing more than \$5 billion over four years to hospitals and ambulance station upgrades with an additional \$1 billion earmarked for new hospitals in south-western Sydney, all of which totalled more than \$6 billion.

Then, as if to outdo himself, the Premier stood outside Prince of Wales Hospital and promised that the Liberal-Nationals Government would spend \$70 billion on health over the next two terms.

So for the Liberals and The Nationals, the sale of the electricity network is the linchpin in its infrastructure strategy, with the Premier committing to travelling around the State telling voters and the *Australian Financial Review* in February about his "\$20 billion plan for rebuilding NSW". The calf the Premier has fattened at the expense of every New South Wales household had better provide a hell of a lot of choice cuts. As the shadow Minister for the North Coast, I will make some specific observations about the conduct of The Nationals in rural and regional areas in regard to the sale of the electricity network. The Nationals' role and activity in this whole debate has been disingenuous and downright dishonest. They misled rural and regional communities.

In his 10 June media statement the Premier promised that "the regional presence of the network businesses will be maintained". However, the bills do not deliver on that promise. The bills are silent on protecting jobs in rural and regional New South Wales. Furthermore, the Premier also promised "the jobs of permanent award employees will be protected". Again, the legislation does not deliver on that promise. Instead, regional workers will be compulsorily transferred. That is not a guarantee of jobs in the future. In Victoria 8,000 jobs were lost after the privatisation of its electricity network. Furthermore, The Nationals claimed that the State will continue to hold at least a 51 per cent interest in the New South Wales electricity networks. That is another broken promise. These bills propose the sale of 50.4 per cent of Ausgrid, 50.4 per cent of Endeavour Energy and 100 per cent of TransGrid. So the taxpayer does not maintain a controlling stake in any of those three electricity entities.

Worst of all, during the 2011 election campaign The Nationals organised thousands of direct mail-outs and published paid advertisements saying, "Our poles and wires will remain 100 per cent publicly owned". The Nationals' statements on the proposed electricity sell-off were completely untrue. There is also the January 2015 letter from the Leader of the Government in this place, the Hon. Duncan Gay, in which he claimed that Sydney, Wollongong and Newcastle will take the hit from the electricity sale; rural and regional areas will be protected. In the letter the Hon. Duncan Gay told country voters that the electricity privatisation had flaws and risks. He wrote, "I know that country people, in particular, are worried about how a private operator might handle maintenance and emergency blackout response in more remote areas." There you have it: The Nationals are worried about the privatisation and the reduction in service yet they will still vote for the bills.

Furthermore, North Coast election material from The Nationals even carried a map of New South Wales and claimed erroneously that the sale would apply only to Sydney, Newcastle and Wollongong. This information was published in full-page advertisements in the *Tweed Daily News*, direct mail to North Coast

residents and on pamphlets pushed into the hands of voters at pre-poll and polling booths along the North Coast. I note for the benefit of The Nationals members that Ausgrid supplies electricity in Orange and 50.4 per cent of it is up for sale. Lithgow is supplied by Endeavour Energy and, again, 50.4 per cent of it is up for sale. Clearly, The Nationals' election material was false; it was just a lie to get them through the election campaign. They peddled similar claims about Murwillumbah District Hospital. The Nationals, in particular the member for Lismore, said there were no plans to close parts of the hospital. Then last Friday the birthing centre was closed. That is an example of saying one thing before the election and doing another after it. All the North Coast election material was authorised by one Ben Franklin of Sydney, who now sits in this Chamber.

The Hon. Catherine Cusack: Drama and drum roll.

The Hon. WALT SECORD: Ease up, Catherine. You should not be angry at me; I was not the one who stopped you being promoted. He authorised and distributed this material in the electorates of Tweed, Ballina, Lismore and Clarence. This material kills the notion of any "mandate" to sell off regional electricity assets. I will be interested to hear the Hon. Ben Franklin's contribution to the debate and his explanation of the advertisements. As it stands, he is the architect of misinformation and downright untruths. It will be interesting to see how he votes.

The Hon. Duncan Gay: Point of order: The Hon. Walt Secord has transgressed into attacking the character of a member in this place.

The Hon. WALT SECORD: He doesn't have any character.

DEPUTY-PRESIDENT (The Hon. Natasha Maclaren-Jones): Order! I call the Hon. Walt Secord to order for the second time.

The Hon. Duncan Gay: The normal procedure if a member wishes to go down that abhorrent track is to do so by way of substantive motion. The Hon. Walt Secord is using this debate to attack another member, which is not the proper vehicle.

The Hon. WALT SECORD: It is by the time I prove it.

The Hon. Duncan Gay: Do you mind? I have not finished.

The Hon. WALT SECORD: I can smell the alcohol over here.

DEPUTY-PRESIDENT (The Hon. Natasha Maclaren-Jones): Order! I remind the Hon. Walt Secord that he is on two calls to order. The member's time has expired.

The Hon. Walt Secord: I seek an extension of time of 10 minutes.

DEPUTY-PRESIDENT (The Hon. Natasha Maclaren-Jones): Order! There is no provision for an extension of time.

The Hon. Duncan Gay: I seek an apology from the Hon. Walt Secord, who sought to imply that I have been drinking.

The Hon. Walt Secord: I withdraw.

Dr JOHN KAYE [5.26 p.m.]: This evening Parliament will take New South Wales one step closer to being a State where the protection of public interest is abandoned in favour of the reign of corporate greed. This is truly a triumph of ideology over the common good. There is no doubt that there will be winners. The salaries of corporate executives will skyrocket and banks, advisers, consultants and other parasites will extract their fat fees for giving the Government exactly the advice it wanted to hear. The multinational utility corporations that are circling the world looking for governments that do not know what they have got and are selling it off will get it at a cheap price. And all this will be at the expense of the people of New South Wales.

Some players and actors will lose out. Certainly after 2019 low-income households will pay higher prices. The renewable energy future that promises so many jobs in New South Wales will inevitably be frustrated and delayed, and the environment and the workforce will suffer. The network corporation employees,

and the communities they come from, will experience downward pressure on their conditions, wages and lives. The budget will lose out but, most importantly, the New South Wales community will lose control of its future—of which renewable energy is a critical ingredient. All this is for a fistful of dollars so that Mike Baird and Duncan Gay can don their hard hats and cut the ribbons in the lead-up to the next election.

The Hon. Dr Peter Phelps: Point of order: Dr John Kaye is aware that he should refer to members by their correct titles.

DEPUTY-PRESIDENT (The Hon. Natasha Maclaren-Jones): Order! I uphold the point of order.

Dr JOHN KAYE: The Hon. Duncan Gay and the Hon. Mike Baird will be able to cut ribbons and put on hard hats in the lead-up to the next election. Labor opened the floodgates to this particular kind of ideological poison in New South Wales but it is The Nationals and the Liberal Party that are completing the job on the people of New South Wales. The Government asserts that the sale of the leases will not hurt the budget—it will not adversely affect the money available for current spending on critical services such as public education and public health. They claim this on the basis that any loss of recurrent income from the assets that are being leased out will be compensated for by growth in the economy.

The Hon. Dr Peter Phelps: More than compensated for.

Dr JOHN KAYE: I hear the Government Whip saying, "More than compensated for". This will flow on to the State budget through taxation receipts. This was not the view of UBS in the so-called independent research report that concluded, in its first draft, that while the transactions might be good for the economy, they would be bad for the budget—that is, before they realised that they risked alienating their clients and that the \$35 million contract that they shared with Deutsche Bank might be at risk if they did not redact that accusation.

The Government bases its claim that this will be okay for the budget on a report by Deloitte Access Economics of November 2014 that argued that the gross State product [GSP], that is, the total economic activity of the State, will increase by more than \$300 billion to 2035-36. They base that on a Treasury official's claim that the ratio of tax receipts to gross State product has remained constant at 12.8 per cent. There are substantial reasons to believe that the Deloitte report is not correct. Indeed, even the upper House committee chaired by Reverend the Hon. Fred Nile recognised that there were problems with the report. But even if it is correct, there are still reasons to suggest that there remain serious threats to the State's budget.

The transactions are based on selling income-bearing assets and replacing them with new infrastructure that will supposedly attract people and keep them in New South Wales. The Deloitte report suggests that population growth is a major component of the growth in GSP and that the additional 26,200 people will pay more tax. The problem is that those people will also require additional recurrent expenditure from the State budget. They will have children who will go to school, and they will get sick and need the services of a public hospital.

Furthermore, the income-bearing assets that we are losing are being replaced by infrastructure that itself will impose recurrent costs on the State budget. The reliance on the historic ratio of tax receipts to GSP to predict the impact of the specific stimulus is simplistic and dangerous. Individuals attracted to New South Wales, for example, might gamble less than the average, thus returning less revenue through poker machines and wagering taxes. New South Wales collects taxes only on a small part of the economy. If this infrastructure stimulates another part of the economy there will be a hit to the budget, even if the Deloitte report is correct—and we doubt that it is.

The Government's analysis is unsound and proceeding with these transactions is very likely to impose a long-term cost on the recurrent budget. In the end, the sale price is never more than the net present value of the revenue stream. It is a sugar hit. It takes a future income stream and converts it into a current cash stream. The corporations that will purchase this asset are not stupid. They will know and have an expectation of the profits to be gained from the asset and they will pay no more than that amount. Historically public assets have been privatised for far less than they are worth. Professor John Quiggin of the Queensland University School of Economics observes:

In general, the price received for assets has been less than their value in continued public ownership. And conversely, in cases where privatisation was proposed but did not go ahead, the actual earnings received have been more than the return from the estimated sale price.

Never has that been truer than with Labor's privatisation of the electricity retailers and the output of the generators. It was estimated to bring \$5.3 billion to the budget at a profit of \$1.2 billion. That is far less than half the carrying value of the applicable power station assets at the time of sale. As Mr Richard Denniss, Executive Director of the Australia Institute, put it, "The reason they—private bidders—want to buy is probably the reason we should not sell."

There is also a clear contradiction between the Government's claim that the revenue stream from these assets will diminish over time and the Premier's and Treasurer's confidence in a robust sale price. If the dividends and tax equivalent payments are diminishing by a factor of 10—as the Premier told the upper House inquiry they would—it is highly likely that the private sector interest in purchasing those assets will diminish by about the same amount. That is, not \$13 billion but \$1.3 billion—unless, of course, the private sector is prepared to reduce costs by cutting the workforce, suppressing wages and conditions, or reducing or eliminating apprenticeships. That will bring with it a loss of expertise together with a loss of quality and reliability in supply. Alternatively, it might seek to extract additional revenue either by increasing prices or by increasing the volumes traded, or it might increase market power by way of ownership. None of those outcomes is desirable and all are bad.

There is a great truism of privatisation: Governments are always tempted to privatise the profits and socialise the losses. The community pays for the sugar hit for decades to come. Leases and other agreements can always contain nasties. I doubt whether we will ever get to see the leases, but I will move an amendment at the Committee stage to try to get the leases into the public domain. We know what Neville Wran did to the State—he tied us for three decades to two aluminium smelters with contracts that have below-market prices for electricity. New South Wales consumers paid for the aluminium subsidies in their power bills for three decades—and they are probably still paying. Madam-Deputy President, I ask you to call the Government Whip to order.

DEPUTY-PRESIDENT (The Hon. Natasha Maclaren-Jones): Order! There are a number of members interjecting. I remind all members that interjections are disorderly at all times.

Dr JOHN KAYE: Another aspect of this privatisation that is deeply alarming is the loss of control over essential infrastructure. The State Owned Corporations Act at sections 20N, 20C and 20P provides for a capacity for the New South Wales energy Minister to issue directives to the board, to issue public sector policies to the board and to make directives to the board in the public interest—with no compensation required in the latter case. That is an expression of the capacity of the people of New South Wales to make changes through their democratically elected representative that might not be in the commercial interest of the operators of those undertakings but are definitely in the best interests of the people of New South Wales. Those provisions have not always been used as wisely as one might hope but they are critical provisions, particularly as we face an uncertain future.

Those provisions enable the New South Wales Government to maintain a workforce that will be necessary as we move to an era of distributed generation technology—cleaner, cheaper technology that will require a new workforce with new skills. That might not be in the best interests of the distribution agencies but it is in the best interests of the community.

We will need a workforce that will innovate safely and keep the network operating with a two-way flow of power. We will need a workforce with a knowledge and skills base that is protected and nourished. That will not happen if these undertakings are purely run for the commercial interest of their owners. We know that the Australian Energy Regulator's [AER] determination will cost jobs because private ownership will take jobs out of the workforce. Inevitably, if this legislation goes ahead, we will see a depleted workforce with huge consequences for the capacity of this State to maintain a quality energy system.

The Government relies heavily on its price guarantee. The price guarantee says that the revenue collected by the transacted network operators cannot be greater in 2019 than it was in 2014. What a hollow promise. We already know from the Australian Energy Regulator that, in some cases, it will be 30 per cent less. It is a promise to deliver a promise that is already locked in. It is meaningless. It would have been meaningful if the Treasurer and the Premier had been prepared to say that they gave that price guarantee for 2020. But no, they understand how the AER works; they understand the timescales of the regulatory reset; and they knew that they could promise that because the Australian Energy Regulator would deliver for them—end of story. But what is not said is what will happen in the next regulatory reset where, if this legislation passes, the information fed to the Australian Energy Regulator will come from privatised distributors. The capacity to order the distributors to charge less than the AER determines will be lost, because sections 20N, 20O or 20P of the State Owned Corporations Act will no longer apply.

There is another way in which the loss of control will be catastrophic for the State and that is the new technologies. A week before the parliamentary inquiry began the United States vehicle manufacturer Tesla released details of its home and utility business-scale batteries. The point at which the grid connection becomes more expensive than going it alone is expected by most commentators now to arrive within the next three years, if it has not already. The corporate owners of the grid leases will not want to forgo profits to reconfigure their infrastructure to allow local trading of electricity. They will seek to frustrate opportunities to maximise the value of rooftop solar and batteries by frustrating interconnections between households and communities that will require smart links to allow two-way trading.

Together with wind and large-scale solar, a reconfigured and reinvented electricity grid could become the backbone of a lower cost zero-emissions future, but that future will be delayed and frustrated by private sector leaseholders who will not wish to invest because it would not necessarily provide a financial return to themselves even though it would be a substantial economic return to the State.

There is another way in which privatisation is such bad news for the people of New South Wales and that is what happens in the event where high-income, high-net-worth households begin to disconnect from the grid because they see grid charges as too high. At that point the burden of the putative \$13 billion will fall on fewer and fewer shoulders. We know the way the Australian Energy Regulator regulates. They allow a certain amount of revenue to be collected for each of the years in the regulatory offset. We could see five years of sheer hell for low-income households with them shouldering more and more of that debt and not able to escape because they do not have north-facing roofs or the money to buy batteries or solar panels.

What could have been an invitation to create a much fairer and cheaper electricity industry, and one which conforms to the principles of social democracy, has been squandered by this Government and it will be low-income households who will face the future of being in energy ghettos where the private owners rip off profits and recover costs out of those who can least afford to pay. It is a loss of control over our energy future through the loss of public ownership that will have a huge impact on the future of this State, which is deeply frightening.

There is a final risk from the sell-off taking away public control and that is the Trans-Pacific Partnership [TPP]. There is a risk that any attempt to impose conditions that improve the public benefit out of the distribution or transmission network could result in substantial financial penalties for New South Wales. The Trans-Pacific Partnership is being negotiated in secret and without—as I understand, from a failure of ministers to answer my questions on this matter—any input from the New South Wales Government.

The best I got from the Treasurer's office was a statement that said, "The lease agreements to the transactions will consider precedent transactions in an endeavour to accommodate future changes in regulatory and economic frameworks as far as possible." That is their response to the threat of the TPP. That is not good enough. There is a real risk that these assets could end up controlled by a foreign government, especially a foreign government that is deeply undemocratic, treats its people with utter disrespect and has no concern for human rights. This is not about China—it would be just as bad if it were Russia. This is not a statement of racism; this is a statement of concern about the future of New South Wales.

This transaction is entirely unnecessary. There are far better ways of raising the capital. Reinstating the vendor duty cancelled by Premier Iemma but put in place by Treasurer Michael Egan, reinstating the marginal poker machine tax cancelled by Premier Iemma, put in place by Treasurer Egan and maintaining the stamp duties on certain business transactions—the so-called inter-governmental agreement taxes—would raise \$1.4 billion a year on average over the next four years, enough to service a loan of more than \$20 billion. The Premier and the Treasurer refer to this as a once-in-a-generation opportunity. It is actually the very definition of an unsustainable transaction. If it is being done to satisfy population growth, what will be done to build the infrastructure needed to satisfy population growth? What will be done next? What will be sold next? We will run out of assets to sell.

The reality is we do need new infrastructure to service a growing population but that infrastructure should be paid for by this generation, not by future generations. It should be paid for democratically. It should be paid for by those who can most afford to pay it—the extremely wealthy clubs, the property speculators and the large corporations. Instead this infrastructure is to be paid for by low-income households and those who can least afford to do it. It is the most regressive form of taxation that one can possibly imagine and all privatisation has turned out to be exactly that. The Government claims they have a mandate for these transactions. They

claim to have a mandate based on their election win. However, that is an imperfect instrument. Their election win was no more than a hangover from the days of Obeid, Macdonald, Roozendaal and Costa. Their election win was the fear of the people of New South Wales returning to the bad old days.

The National Party knows full well and the Leader of the Government knows full well this transaction brings with it significant risk. In fact, he told his voters in the same letter that the Hon. Walt Secord quoted from that by keeping Essential Energy in public hands they would get all of the rewards with none of the risk. The risks for the people of New South Wales are substantial; not just to those who live in the franchise areas where those undertakings are being transacted, but Essential Energy is next on the block. We will be voting against the legislation. [*Time expired.*]

The Hon. ROBERT BROWN [5.46 p.m.]: I realise there will be lots of speakers on this, so I am not going to eat into their time. I will just quickly put points on the table. I assured the Leader of the House that I would be gracious.

The Hon. Duncan Gay: But grumpy.

The Hon. ROBERT BROWN: But grumpy, yes. We have heard lots of talk tonight about the economic arguments for and against—everybody has their experts. I tend to think that the position that the Shooters and Fishers Party took into the election was the right one—that is, we oppose the sale of this Government monopoly and we will be voting that way in the debate. I will put on record, however, that we have been in discussion with the Christian Democratic Party in relation to some amendments that they might put to soften the blow on the workers involved in these industries. I give Reverend the Hon. Fred Nile my assurance that we will support him in that 100 per cent. We have heard speakers tonight talk about mandates. As I said in a speech the other day, the Shooters and Fishers Party could claim we had a mandate because we increased our vote by double digits.

The Hon. Shaoquett Moselmane: And the Labor Party as well.

The Hon. ROBERT BROWN: The Labor Party increased its vote—not by double digits, but it did. The Greens might have a bit of trouble arguing the mandate case. I do not feel that our position we took into the election opposing the sale of the poles and wires was wrong. I think we took the right decision into the election and fought an election on it. We did not get our second member elected or anywhere near it, but we did increase our vote and I am very happy we did so.

There is some debate within our party about the polls that showed about 60 per cent of people in New South Wales did not want the sale of the poles and wires and about 40 per cent did. That probably is reflected in the fact that in some electorates, notably Sydney electorates, our vote did go down but in the bush it went through the roof. Our argument throughout this process has been that, yes, New South Wales desperately needs infrastructure, particularly in north-western Sydney. The people living in that area were promised during the election campaign and have been promised since that their transport links would be improved. That is a very strong argument and I suspect that on that basis many of them would have voted in support of the sale of the poles and wires.

However, the arguments put by the Leader of the Opposition were very well constructed. He put his experts' side of the argument as opposed to the Government's experts' side of the argument. That is what we are arguing about; that is the nub of the issue. The Premier's plan A should not have been the sale of the poles and wires. That should have been plan B, but that is not what happened. Even with my shoes and socks off, I can count to 20—perhaps not 21 because I do not come from Tasmania. My apologies to my Tasmanian colleagues.

The Hon. Duncan Gay: I bet Walt Secord could get to 21.

The Hon. ROBERT BROWN: I do not know; perhaps those in the frozen north can. I will not be distracted by interjections. I reiterate that the Shooters and Fishers Party will oppose the legislation. However, we will support any amendment moved by Reverend the Hon. Fred Nile to give the workers in these industries some certainty and job protection. Discussion has been had about how long the job protection will be in place. I recall that during the debate on the sale of the generators we negotiated with the then Government in good faith to provide workers with four years of protection. Various amounts have been thrown around, but the proceeds of the sale will be in the tens of billions of dollars. Given that, the cost of providing some certainty to

the workers is miniscule. Even if, as the Premier postulates, it will cost \$250 million, given that we are talking about a sale involving \$13 billion net or \$30 billion gross, it is a tiny amount to give workers some certainty about their future.

Whether or not the sale affects the price of power, at the end of the day the Australian Energy Regulator will determine the price. It is up to the potential purchasers to work out how best they can make a profit from that capped price. Yes, subject to the courts rejecting any appeal, the consumers of New South Wales probably will have some guarantee about consumer price caps for four to five years. What happens after that is in the lap of the gods. However, if the sale does not proceed, the Australian Energy Regulator will still regulate the price cap. Irrespective of whether the sale goes ahead, someone must find efficiencies within the price structure to operate and to maintain the system to deliver the level of service required by consumers and to make a profit if it is a private operator or a contribution to government revenue if it is not. It does not matter whether it is a private or public operator, under the regulator's rules the operator will have to cut their garment to fit their cloth. I repeat, the Shooters and Fishers Party will vote against the legislation, but will support sensible amendments to ensure employee protection.

The Hon. PETER PRIMROSE [5.53 p.m.]: I oppose the Electricity Network Assets (Authorised Transactions) Bill 2015 and the cognate Electricity Retained Interest Corporations Bill 2015. My detailed reasons for doing so are contained in the minutes and the dissenting report of the Legislative Council Select Committee on the Leasing of Electricity Infrastructure. Even though we disagreed on a number of matters, I commend Reverend the Hon. Fred Nile for his chairing of the inquiry.

I take this opportunity to put a few points on the record in this debate. At its heart, at least two general narratives about this privatisation became clear from the evidence presented to the inquiry. The first is the notion that the electricity network is losing value and that returns to the public purse will decline over time. Accordingly, the narrative goes, we must find some whimsical billionaire who will not realise that they are buying a dud asset, and will pay us much more money than the asset is worth. That is patently nonsense. The purchaser will pay what they and their well-healed corporate advisers believe the asset is worth and will factor in a healthy profit margin. No-one will buy the electricity network unless they think it will make money for them for a long time. The only difference this legislation will make to that equation is that these profits will be privatised.

The second narrative is that this privatisation will make available magic money that otherwise would not have existed. This is the money that will be used to provide various pieces of infrastructure. It would always have become available from the dividends and other payments associated with the State-owned corporations. However, Premier Baird used the equivalent of 99 years' worth of future earnings to buy an election. After they are spent, these earnings will not be available to future governments. Nor will they be available to help pay the recurrent expenses of future governments.

The Hon. Dr Peter Phelps: Nor will we have the liabilities.

The Hon. PETER PRIMROSE: I always told my good friend the Hon. Charlie Lynn, who has left this place, that he was my moral compass. Whenever I was worried about what I should oppose, I would listen to what the Hon. Charlie Lynn said. Having done so, I knew that if I did the opposite I would be heading in the right direction. That now applies to the stance taken by the Government Whip. I thank him for reassuring me that the Opposition is headed in the right direction. Premier Baird and his colleagues in the Liberal Party and The Nationals intend to blow the proceeds of the sale in one go. It will be like a firework that sparkles and shines for a short time, and then nothing is left but smoking, burnt paper. They sacrificed 99 years of earnings to buy the 2015 election.

When presented with a choice, for four years this Government has chosen not to disclose. It is the same with these bills. The Government is not transparent; it is trying to keep crucial details secret. Many of the provisions that Premier Baird promised would be in the bills are missing. For instance, in his evidence at the 11 May hearings of the Select Committee on the Leasing of Electricity Infrastructure, the Premier advised that details of the structure of the transaction and governance arrangements would be provided in the legislation. However, of course, that information has not been provided in the bills before the House. It is still unclear how each transaction will be structured and governed.

The bills authorise a lease of network infrastructure assets to the private sector for up to 99 years. The lease may then be renewed, but with "no limitations as to the nature of the transactions or arrangements that can

be entered into or used for the purposes of an authorised transaction". While the bills provide for transaction State-owned corporations and transaction companies, which may be created by formation, acquisition or the conversion of existing electricity network State-owned corporations or transaction State-owned corporations, there is no clear indication in the legislation or the speeches made by Ministers that provides any guidance as to how the Government intends to arrange and execute these significant transactions if this legislation is enacted. The lack of detail and transparency makes it impossible for this House to confirm whether or not the arrangements will protect the public interest adequately.

Mr Philip Gaetjens, Secretary to NSW Treasury, advised the committee that the Government is seeking to form a structure that operates within the tax laws of Australia, so that the State's holdings in each lease entity will still receive State tax-equivalent payments. At present, the equivalent of company tax is paid by the State-owned electricity companies to the New South Wales Government. That exemption from Commonwealth company tax applies only to an entity that is 100 per cent owned by a State government. Presumably the objective of retaining for the State a share of tax-equivalent payments commensurate with its retained interest is sought through the vehicle of the electricity retained interest corporations, which is created in one of the bills that is now before us. These entities will hold and advance what remains of the State interest in the electricity network assets.

The Premier stated in his evidence that he had advice that there was a way for the State to retain a proportionate share of tax-equivalent payments. Answers to supplementary questions from the Treasurer disclosed that this advice was provided by Ernst and Young, but that it was commercial-in-confidence. Commercial-in-confidence is a designation given to information that, if disclosed, may result in damage to a party's commercial interests, intellectual property or trade secrets. Given the advice relates to a matter that involves an area where the State is not in commercial competition with any other business, such advice cannot legitimately be regarded as commercial-in-confidence.

We cannot evaluate its quality and so cannot determine whether the "preferred structures presented by the State" to the Australian Taxation Office are likely to achieve the aim of protecting State revenues, as we have seen it. Another concern of members involves the Government's valuation of future returns from the network assets, in that they do not include loan guarantee payments paid by the networks to Treasury Corporation. These payments represent the government fee from the businesses that compensates the State for the risk of guaranteeing the electricity networks debt, which the Government acknowledged was the largest component of the reduction in revenue.

The Government claims that the loss of the loan guarantee payments should not be factored into the calculation of the retention value of the businesses, and should not be factored in as losses to State revenue, because they only reflect risk of guaranteeing the loans, which risk will be removed, and that relate to the State's role as a financier and not the owner of the businesses. However, this source of revenue has specifically not been set aside to meet any risk but has been spent each year by successive governments of both major parties, like any other source of revenue. This revenue loss should be factored in as a negative impact on the State's budget and as part of the retention value calculation. I believe that a failure to do so will lead to a significant undervaluation of the businesses to be leased.

The report speaks at length about consumer protections. As the businesses are monopoly businesses, there is no good reason why the New South Wales Government's key requirements of any successful lessee should not be disclosed fully and clearly, but in this legislation the Government has provided no information regarding the potential impact of the transactions on access to and exit from the network: that is, what effect will the transactions have on ensuring ongoing connectivity to the network for existing and new dwellings, and what impact will those transactions have on customers who seek to disconnect from the network—for example, because they have self-generated electricity and on-site storage capability? While this uncertainty could be factored into any price paid for the leases, it could also be covered in any lease agreement which will not be made public. Any concessions made for the benefit of any purchaser or lessee should be fully disclosed to the public before any transaction is entered into.

These bills give almost unfettered power to the Treasurer to do, in effect, whatever she wants with the electricity assets currently owned by the people of New South Wales. According to clauses 11 and 12, she may do and effect anything she wants. We have heard that there will be an automatic reversion to the people of New South Wales after a 99-year lease, but clause 5 (1) (b) says that the electricity assets will be leased for an initial term of 99 years. There could have been a clause mandating a return to the people of New South Wales upon the expiry of those leases, but that clause is not in this legislation. Why is that important? Under the

South Australian lease provisions if the private owner undertakes any improvements, repairs or maintenance that asset then belongs to the private owner. No-one can seriously tell me that after 99 years much of the current infrastructure will still be available: it will be owned lock, stock and barrel but a provision could be inserted to say that what exists reverts back to the public. I believe that would not have adversely affected the sale price.

In clause 6 there is an interesting calculation of the 49 per cent of assets that will be disposed of. The clause states that it is an average of 49 per cent. It is apparent from these bills that, while 100 per cent of TransGrid is going and 50.4 per cent of both Ausgrid and Endeavour Energy are going, the Government is yielding 100 per cent of control of all the entities that are presently government-owned. The structure set up by the cognate bill, the Electricity Retained Interest Corporations Bill 2015, is to establish corporations called electricity retained interest corporations. All the assets of TransGrid, Ausgrid and Endeavour Energy will be disposed of under this legislation.

The Electricity Retained Interest Corporations will then hold a 49 per cent interest. However, the nature of the shareholding is not set out and the entitlements of the shareholding are not set out, but apparently will be in documents that we will not see. These corporations will have boards appointed for them but there will be no requirement for public representation on those boards. The boards will not be subject to the direction of the Treasurer or the Government. So although the people of New South Wales will own these electricity retained interest corporations they will have no right to control them or even to know what is going on behind closed doors with respect to the billions of dollars in assets that they will continue to hold. The legislation provides for no guaranteed place on the board of the newly privatised entity. Apparently that will all be embodied in transaction documents, which will also be kept secret.

The message to the people of New South Wales is that billions of dollars of their money will be locked away in these assets and they will have no say in the running of them and no right to know. They will have no right of governance or duty to report matters to Parliament. We are told that the boards will have some reserve powers. But that is not in the principal bill; it will be in the transaction documents, the contracts and the constitution, which will be set up either in secret or post facto the transactions. All this should have been released so the people of New South Wales could inspect the documents before these transactions proceeded.

On 10 June last year the Premier indicated in a media release that there would be employment guarantees in this legislation. However, when we look through this legislation we can see no job guarantees, as a number of members have indicated. In fact, the legislation says that they do not even have to consent; the Treasurer can issue a direction in writing to all these current workers and say, "You do not work for the Government anymore. Start with the privately owned entity on Monday." There is no issue of consent. That is not a job guarantee.

The legislation could have required the private entities, once they buy these assets, to keep these workers on for a number of years. The Treasurer had the opportunity to insert that provision into this bill and she failed. The Opposition will address this and other issues should this legislation make it to the Committee stage. Proposed section 76A contains step-in rights. Most of that is dealt with under the rules of the National Electricity Market. There are no details in the legislation and apparently we are also going to have to wait for this information that might be provided in the future. I oppose the bills.

Mr JEREMY BUCKINGHAM [6.09 p.m.]: On behalf of The Greens and the people in country and regional New South Wales I contribute to debate on the Electricity Network Assets (Authorised Transactions) Bill 2015 and the cognate Electricity Retained Interest Corporations Bill 2015. I state from the outset that The Greens oppose these bills. No-one is fooled by the promise of The Nationals in particular that the electricity assets and networks will remain in public ownership. The Nationals moved from a position of opposing the privatisation of the electricity networks to leading the community up the garden path. During the polls and at the election it was obvious and people saw what was happening. An asset that is worth so much to the people of New South Wales and so much culturally—literally hundreds of billions of dollars in revenue to the State over the next 99 years—is being sold off without the consent of the people who built these essential assets: the county councils, State governments and local government.

I do not have an ideological point of view on this issue of privatisation. In the past I have supported public-private partnerships and the like. For example, the Orange health campus was a difficult issue but I thought that a public benefit would be gained by the community partnering with the private sector. However, with this transaction there is no public interest. The public interest is not served in privatising these assets now and this fire sale gives much away to the private sector. Ultimately the most disadvantaged in the

community and workers in those industries will suffer when there is a potential for blossoming new enterprise—renewable energy—which offers so much to the people of New South Wales and in particular regional New South Wales.

These bills will enable the Baird Government to proceed with its proposed lease of 49 per cent of the transmission and distribution assets. I note that in his contribution the Hon. Peter Primrose said considerable power would be vested in the hands of the Treasurer, that the management of these electricity retained interest corporations would be in the hands of the Treasurer and that it would be a moveable feast. Under the proposed lease, 50.4 per cent of both Ausgrid and Endeavour Energy and 100 per cent of TransGrid will be leased to the private sector for a period of 99 years. The State Government will forego an estimated \$1.7 billion worth of dividends and, over time, much of what helps bankroll essential services—health, education and transport infrastructure in this State. Selling off the farm is madness and will only involve asset recycling.

During the election campaign The Nationals members were in the regions promising to fund everything that moved. They were going to fund this highway, upgrade that hospital and there would be \$10 million for health infrastructure. In particular, \$1 billion was going towards regional water security. What will we get for our \$1 billion worth of asset recycling? We will get a pipeline from the Murray River back to Broken Hill. Water from the Darling River will flow from Queensland past Broken Hill and Menindee and all the way to the Murray River so that we can pipe it back up. This most stupid idea in the history of water infrastructure in Australia was brought to us by none other than the Hon. Kevin Humphries in the other place—\$500 million worth of asset recycling.

The other proposal I think is for Cranky Rock dam. I do not know what the dam will be called and I do not know where it will be located but there will be a dam on Belubula River that will cost \$300 million, \$500 million or \$700 million. No-one knows where it will be located and no-one knows who will use it, but the Government will build it with this money from the electricity networks transaction. That money is already spent on a plan that was written on the back of a beer coaster—asset recycling that is a waste, a folly and absolute madness.

As Dr John Kaye said in his contribution, it is not in this State's interests to forego so much in dividends and tax equivalent payments to the New South Wales Government. There is no doubt that these tax equivalent payments have declined, but in the long term they will recover. To say that there is a short-term downturn in tax equivalent payments is irresponsible economic modelling and the predictions that they will continue to go down are false. Ultimately there will be a healthy return back to the State in the long term. Traditionally, whenever these major public utilities are privatised the State gets duded. Professor John Quiggin of the Queensland University School of Economics observes:

In general, the price received for assets has been less than their value in continued public ownership. And conversely, in cases where privatisation was proposed but did not go ahead, the actual earnings received have been more than the return from the estimated sale price.

Proceeds from the sale of the electricity retailers and the output from the generators by Labor between 2008 and 2010 were estimated at \$5.3 billion, resulting in a profit of \$1.2 billion. This was thought to be only 41.9 per cent of the carrying value of applicable power station assets at the time of sale. There is a risk that the Baird Government will fail to achieve the \$13 billion indicative price for the network leases. Commentators have also questioned how the \$13 billion will be invested to create an additional \$5 billion in interest before the capital is spent on infrastructure. We have seen how \$1 billion is proposed to be spent on regional water security on John Cobb's proposal for Cranky Rock dam which was written on the back of a beer coaster and Kevin Humphries' panic pipeline from the Murray River to Broken Hill.

Asset recycling is based on the false premise that the proceeds from the sale or lease will be greater than the foregone revenue from the asset ownership and any costs associated with privatisation. In general, private owners will not pay more than the net present value of the assets future income, less costs. It is hard to conceive of an asset being more valuable to a private owner than it is to the public unless the private owner can reduce costs by suppressing wages and conditions—

The Hon. Dr Peter Phelps: Yes, exactly.

Mr JEREMY BUCKINGHAM: I note the interjection of the Government Whip. He gets very excited when I speak of suppressing wages. It is like Pavlov's dog: whenever I say—

The DEPUTY-PRESIDENT (The Hon. Trevor Khan): Order! I remind the Government Whip that he is already on one call to order. This debate is proceeding in an orderly manner. Mr Jeremy Buckingham should be allowed to make his contribution without interruption.

Mr JEREMY BUCKINGHAM: Let me see if I can do it again by referring to suppressing wages. Government members say that guarantees are enshrined in the legislation to ensure that those workers will be protected, but ultimately they will not be. Ultimately, conditions and wages by what has been a good employer, particularly in regional New South Wales, will be diminished. There is no doubt that regional jobs will go. Wages are not suppressed just by the wages people earn each week but by people being sacked. That is what they are really talking about. The private sector does not have an interest in keeping people in good jobs.

In 2014 TransGrid had 1,071 employees in Australia. The head office of TransGrid was located in the Sydney central business district, with various sites around New South Wales including Eastern Creek, Orange, Wagga Wagga, Yass, Tamworth and Newcastle. As sure as night follows day, jobs will be lost in those regional centres and The Nationals should be held to account for that. Ultimately Essential Energy will be the next entity on the block and again jobs will be lost. Essential Energy will be the last publicly controlled grid operator in New South Wales, Victoria and South Australia; its long-term future as a publicly owned entity is placed at risk by privatisation of other assets.

A key element of this debate and one that is not dealt with in these bills is the emergence of the clean energy economy. The Greens love technology and clean energy. Indeed, it is fundamental to all life that we seek out cheap, clean energy, and there is so much on the table in New South Wales. Premier Mike Baird's plan to privatise 49 per cent of the publicly owned electricity distribution and transmission assets will lock New South Wales into an expensive, outdated and inefficient network. It will drive out innovation. It will drive out the great disruption that is coming through energy supply, distributed energy, regional energy, community-based energy and even the big players from the corporate sector coming in and investing in regional New South Wales. The electricity sector is in a state of flux. The impending retirement of old coal-fired power stations and the emergence of the solar and wind industries require a flexible, responsive and innovative electricity sector.

Private owners keen to recoup on their investment will frustrate the rollout of clean technologies and will not be prepared to invest in smart grid reforms. In 2013-14 the Australian Energy Market Commission and the Australian Energy Association began agitating to charge solar households increased penalties and tariffs to make up for lost revenue due to reduced power consumption. Solar Citizens, a great organisation, ran a campaign against this push at the time but these types of issues are likely—they are inevitable—to be reinvigorated under a privatised network.

To achieve the full economic, social and environmental benefits of distributed generation, network investment and operation decisions will be required that might not be in the best commercial interests of the businesses that control them. That is, we need entities that put the public interest first, not that of shareholders. Examples include investment in the smart grid, energy management that reduces total utilisation of the network infrastructure and the re-creation of mini-grids that allow households and businesses to trade between themselves. That is an area that is booming in the United States. People are connected to mini-grids. They have solar panels and batteries and they are trading that energy themselves; they are not locked out by tariffs, network charges and the like. We are taking a massive risk in locking that innovation and clean energy out of the system.

The loss of public control over essential services also prevents opportunities to incubate new and innovative ways of generating and supplying electricity. Until such time as emerging technologies are commercially viable, the public sector provides the support necessary to enable these technologies to bear fruit. Under private ownership a lack of immediate returns may see such technological innovation forsaken. I notice that the bills make no reference to clean energy. This should have been included in part 2 under the heading "The authorised transactions". This part requires the Treasurer to ensure that the private lessees meet certain responsibilities in delivering electricity services called an electricity price guarantee. Clause 8 (b) of the principal bill states:

- (b) The authorised network operator will promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to price, quality, safety, reliability and security of supply of electricity,

This subclause could have been used to specify that the new private owners must promote investment in renewable energy technologies, including much-needed changes to the grid to facilitate peer-to-peer trading, an excellent initiative that is enormous in California and growing around the world but is locked out by these bills.

This legislation is a fire sale. It was done to re-elect the Government. It was done on a promise to provide infrastructure but I believe that an incredibly important asset will be squandered, an asset that was built up over generations by hundreds of thousands of hardworking New South Wales people. This asset should not be privatised. Invariably these bills will lock out one of the most exciting innovative elements in our economy, that is, renewable energy. The Greens oppose these bills and I know that my colleague Dr John Kaye will move significant amendments in Committee.

The Hon. MARK PEARSON [6.25 p.m.]: The Animal Justice Party opposes the Electricity Network Assets Authorised Transactions Bill 2015 and Electricity Retained Interest Corporations Bill 2015. We oppose these bills because the essentials of life—energy, water and air—should be always kept under the Government's watch. The people of New South Wales have entrusted the Government to ensure that their health, warmth and access to the necessities of life can be guaranteed and in no way compromised, threatened or placed in danger through privatisation. With privatisation, a whole series of elements and issues come into the equation.

Private companies will always only want to make a profit and flourish. There are many examples where that has happened at the expense of the public. For example, following the privatisation of electricity in Victoria those companies are facing very serious offences in the courts because their cost-cutting measures and cost-saving methods were important factors in causing some of the Victorian fires where people were burnt to death. This happened because those private companies were not interested in ensuring that the ethical standards required of government to provide essential environmental safeguards were not thwarted in any way.

Another issue of concern in the current landscape is that we must move away from fossil fuels. This may be necessitated through important, intelligent and visionary government policies. No private company will adopt a policy to move away from fossil fuels while they remain the cheapest. Filthy, dirty energy causes enormous impacts on the environment and on human health. Indeed, the very nature of fossil fuel sourcing is deleterious to the environment, to human health and to animal wellbeing and welfare through poisoning of water, through the destruction of habitat and through adverse impacts on the environment in which they live. The Animal Justice Party opposes the bills on those grounds.

The Hon. MICK VEITCH [6.30 p.m.]: I refer to the Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015 [ERIC]. I note with some degree of, I guess, comedic relief that someone on the Government's side does have an eye to history and has indulged in a bit of a comedy by giving a bill such an acronym. Those who have been members of this Chamber for some time will know my long-held view on the sale of public assets, but particularly around the sale to the private sector of electricity assets. Indeed, Mr Deputy-President would well recall when we were in government and the principle of my own party to undertake such a transaction. I, along with a number of my colleagues—

The Hon. Dr Peter Phelps: Name them.

The Hon. MICK VEITCH: I can name them. Indeed, some of them have already spoken and some will speak in this debate but, have no doubt, we were going to cross the floor. At the time I believe there were bets going around about whether we would. On our side it was a very serious threat and we were going to cross the floor. My position on this matter is long-held because of the impact such transactions have on regional New South Wales. If someone with such long-held views changes his or her position I think it would be quite prudent to stand up in either Chamber and put on the public record the reasons why that view has changed. In the past a number of members of The Nationals have made their views well known about the sale of electricity assets in New South Wales. I thought there would be a long line of Nationals members of Parliament in the Legislative Assembly who would be prepared to speak when these bills were introduced.

The Hon. Greg Donnelly: A conga line?

The Hon. MICK VEITCH: Almost a conga line. However, only two speakers from The Nationals spoke in the Legislative Assembly on these bills. Analysis of their contributions did not take long as they spoke for a total of 12 minutes, that is, about 1,300 words. Why is that interesting? The Electricity Network Assets (Authorised Transactions) Bill 2015 refers to a transfer to the private sector. In 2011 the member for Orange, Mr Andrew Gee, and the member for Bathurst, Mr Paul Toole, both members of The Nationals issued a joint press release. Mr Gee stated:

... there is no guarantee that privatising the poles and wires will lead to greater efficiencies or a drop in electricity prices.

Mr Gee continued:

It's hard to see how transferring ownership of a gold-plated monopoly to a private operator will increase competition and bring down electricity prices.

What did Mr Paul Toole state? He stated:

I would be very concerned about selling a natural monopoly that is currently a nice little earner for NSW to a private company—whether that company was Australian or foreign.

I thought they would have said why they have changed their position and why they supported the bills. Those members represent electorates in the Central West where there have been significant job losses. One would have thought they would have advocated quite hard for the retention of jobs in their electorates. The reality is that this transaction will put at risk 120 local electricity jobs in Lithgow and Kandos, and in TransGrid at Orange. However, neither of those members had the courage to stand up and put on the record why they have changed their views on the electricity sale in New South Wales. I think that is an appalling way for a local member to behave. They say something to the media in their electorates but do something quite different in this place. That is not what a member of Parliament should be about. I am glad the Hon. Ben Franklin has entered the Chamber because in 2013 when he was the secretary of The Nationals, at its State conference The Nationals unanimously voted against selling poles and wires. He said:

The membership has a strong view about that and that's obviously something that the party room will be taking into account when it makes its determination on the policy down the line.

The Hon. Catherine Cusack: This is where you look shocked, Ben, because they have worked really hard to get this together.

The Hon. MICK VEITCH: I thought, Catherine, you would enjoy me having a go at The Nationals. In April 2014 the then Leader of The Nationals and Deputy Premier, Mr Andrew Stoner, stated in the *Daily Telegraph* that there was majority opposition in the National Party room to any sale of the assets. Apparently not because only two members of The Nationals had the courage to speak in the Legislative Assembly. In June 2014 a poll was conducted of the views of people about the sale of electricity in some regional electorates. In the poll, in Ballina 73.5 per cent of 675 residents polled opposed privatisation; in Dubbo of the 706 residents polled 69.4 per cent opposed privatisation; in Port Macquarie of the 721 residents polled 68 per cent were opposed to privatisation; and in Tamworth of the 790 residents polled 70.4 per cent were opposed to privatisation. People in those regional electorates do not want their electricity assets sold at all.

The member for Tamworth had the courage to speak in the debate on these bills. He spoke at length about the TransGrid job losses in his electorate but the Government is selling 100 per cent of TransGrid and he had the chance not to vote for these bills. Did he vote against the bills? No, he did not. He says one thing in Tamworth and does something different in Sydney but that does not cut the mustard in regional New South Wales. At the last State conference of The Nationals a motion was passed unanimously not to support the privatisation of the poles and wires when they said, "Across the board we are as one." But the member for Coffs Harbour said:

My electorate is telling me "don't sell", my party is telling me "don't sell" ... this is an easy decision for me.

But what did the member for Coffs Harbour do? He voted to sell. He says something in the bush and when he comes to Sydney he does the opposite. Will it be noticed? Will The Nationals be held to account? I think they will be. Apparently, The Nationals have cut some fantastic deal for the proceeds of the sale. I am quite concerned about the long-term impact on the State budget of this transaction. I will not repeat the eloquent words of the Hon. Peter Primrose but I will say that the proceeds of this sale will not assist jobs in regional New South Wales.

A more significant issue around jobs is apprenticeships. In days gone by in regional New South Wales one of the greatest providers of vocational and apprenticeship training was the State Government via a number of entities but as each of those has been privatised and put into private hands the number of apprentices taken on by those entities has declined and, in most cases, is nil. Where will the youth of regional New South Wales get apprenticeship training in a trade? They will have to move to the city.

One would think The Nationals would be advocating for regional jobs and regional apprenticeships. I have not heard anyone speak about what this transaction going through will mean for apprenticeships in regional New South Wales. That is another indictment on The Nationals for failing at the regional representation they say they give. Their regional constituency will hold them to account. I want to know: Where are the guarantees for further apprenticeship training? I have not heard one person speak about that in the other place or in this place.

I am a tad annoyed that the report on this transaction was tabled in this place by Reverend the Hon. Fred Nile at 2.30 p.m. and then we started debating the bills immediately. Where is the respect for the committee processes of the New South Wales Legislative Council? There is none from the Government. If there were we would have been given time to peruse, dissect, analyse and comment on Reverend the Hon. Fred Nile's committee report. I guarantee that only five members in this Chamber have had a chance to read the report—and that is a couple fewer than served on the committee. Members can draw their own conclusions about that.

The bills should have been held over until we had a chance to debate Reverend the Hon. Fred Nile's committee report—but, no, we are going to truncate the processes of this place. The committee work that we do is always fantastic. But this sort of activity tells me that is the respect Government members will show the New South Wales committee process for the next four years. That is a disgrace and a further indictment on the Government. I will be opposing these bills. I have opposed similar transactions for a long time, and I am yet to be convinced by anyone that this transaction will be good for the people of New South Wales, particularly the people of regional New South Wales. The Nationals should hang their heads in shame.

Dr MEHREEN FARUQI [6.41 p.m.]: On behalf of The Greens I contribute to debate on the Electricity Network Assets (Authorised Transactions) Bill 2015 and the cognate Electricity Retained Interest Corporations Bill 2015. I thank The Greens members and activists; Dr John Kaye, who has led the fight on The Greens' side; and all the hardworking "Stop the Sell Off" campaigners and union members who have been leading a strong campaign against the sell-off of our public electricity network. It is a disgrace that the arrogance of this Government means it is not willing to listen to sense or public opinion on this issue. This legislation will enable the lease of 49 per cent of the State's electricity network. The word "lease" is misleading; it is de facto privatisation. It is telling that the lease is so long—99 years, in fact—that no-one voting on the bill today will be alive to see this asset revert to public hands, if it ever does. The decision made today robs our children and our grandchildren of public assets. It is a very bad strategy to get rid of these assets and forfeit the resulting revenue that would otherwise flow into the State budget to be used to benefit the people of New South Wales.

Not many in this Chamber will be surprised to hear me describe this move for what it is: completely backward policy. Privatisation of public assets and services fails the community and the "public good" test. Public assets must remain in public hands for the good of us all and for the good of our State. These are assets that generations of Australians have paid for. Once they are sold off, they will not be able to be brought back into public ownership. Handing over our electricity assets to private operators will effectively rule out any large-scale move towards compatibility with innovative energy systems—systems that are green, clean and renewable. Dr Kaye wrote in the *Guardian* this week that the Baird Government ignores the recent "sea change of technology" in the energy distribution area at its peril. The release of Tesla's battery units is a game changer for everyone. The profit model of the corporate owners of the grid leases will simply not be compatible with supporting a shift towards the local trading of electricity. There is an incentive not to make our grid more efficient and more sustainable.

Members in both Houses have described as a sham the inquiry into this issue that has taken place over the past few weeks. It was an investigation with a predetermined outcome, with narrow terms of reference and no real expectation that it would produce anything other than a positive story for the Government. Indeed, why would the Government have agreed to such a process if there was any serious risk of it jeopardising its privatisation agenda? The issue at the heart of this matter is that this is short-term thinking by a Government that sees benefit in flogging off public assets and getting some short-term cash in advance. That leads me to the issue of expenditure. Perhaps just as worthy as criticism of the lease itself is what the Government is putting on the table as potential investments in order to justify the sell-off. I am concerned that much of the proceeds of the sale will go towards projects that are ill suited to the needs of our State. Particularly close to my heart is the expenditure on roads and transport.

The Government intends to spend almost half of the \$20 billion raised by the sell-off of poles and wires on transport infrastructure that will not work for Sydney and will not work for New South Wales. It will not work and it is not in the interests of the long-term future of New South Wales because it effectively locks down a future of road congestion and pollution for the State, and locks us all into a privately operated, unintegrated rail network along the way. Like the electricity sell-off itself, these plans are not in the public interest; they are in the private interest. They are in the interest of the Liberals and The Nationals and their mates. A massive \$7 billion will be directed to the Sydney Rapid Transit line. This line is possibly the biggest rail con job in the history of the State. Sydney Rapid Transit involves the extension of the private North West Rail Link shuttle through North Sydney and the city and onto the Bankstown line, with entirely single-deck trains, privately operated and separated from the current Sydney Trains network.

It seems very recently that the Government had us all scratching our heads over its plans to rip up the recently opened Epping to Chatswood line for its private metro service and incorporate the line into the North West Rail Link. The Epping to Chatswood line was only opened in 2009—as many in this Chamber would remember—for \$2.4 billion, under the previous Labor Government. Despite the bloated price tag and the failed ambition of extending the line all the way to Parramatta, this is a good service. It works for people, especially those in the North Ryde and Macquarie Park industrial areas and students attending Macquarie University. It is well patronised and efficient, but the Government wants to rip it up to make way for the privately operated shuttle.

With Sydney Rapid Transit on the table, thanks to the sell-off, we know that the Government's ambitions do not stop there. It also wants to rip up the Bankstown line completely and put the privately operated network through there too. This will cause unnecessary and painful disruptions for people on many parts of the network. But the "short-term pain for long-term gain" argument does not hold much weight here either. Unfortunately, there is going to be short-term pain for more long-term pain. There is no doubt that we will need a second harbour rail crossing in the future.

We need to look at new services and new capacity. This can be achieved in some part through technology, such as automated signalling, and in some part by expanding the current public transport system, not cannibalising it. The single-deck, low-capacity Sydney Rapid Transit is probably the worst way possible of achieving what we want. It puts in train the wholesale privatisation of the rail system in Sydney, from Rouse Hill to Epping, to St Leonards, to the central business district, to Sydenham, to Marrickville, and all the way through to Bankstown. What is worse, the single-deck service does not even make sense capacity-wise for much of that journey.

The DEPUTY-PRESIDENT (The Hon. Trevor Khan): Order! I note that, while wide latitude is extended to members speaking during the second reading debate, Dr Mehreen Faruqi should ensure her comments are within the leave of the long titles of the bills. I have allowed the member to continue for some time, but I now invite her to consider the legislation that is before the House rather than rail lines.

Dr MEHREEN FARUQI: Thank you, Mr Deputy-President. Of the constituents the Government spoke to regarding the sell-off of the poles and wires, I doubt many knew about the second harbour rail crossing being a private line and cannibalising their current train line. Moving on to the wasteful expenditure of the money acquired from the privatisation of poles and wires, \$1.1 billion will go to the WestConnex extensions and a new western harbour tunnel, which will spew further traffic into more of Sydney. It is not enough that billions of dollars are being totally wasted on toll roads that are not solving Sydney's transport problems but more money from the sell-off of a public asset will be thrown into producing more congestion in the city and destroying our environment.

In essence, the community loses profits from a public asset and these will be spent on private motorways for the benefit of private companies. The Transurban Group, which owns roads in all the eastern seaboard capital cities, made a profit of \$282 million in the last financial year. This is a textbook example of corporate greed—the transfer of wealth from the public to benefit only a few. Fortunately, there is another way. During the 2015 election campaign The Greens outlined our own way of financing \$20 billion through a range of measures, including reinstating the vendor duty, restoring marginal poker machine tax rates and maintaining stamp duties on certain business transactions. This money would be invested in schools, hospitals, energy, housing and transport of the twenty-first century.

The Greens showed that through smarter spending we can divert \$4.5 billion being wasted on the NorthConnex and WestConnex projects to public and active transport that expands access for the people of New South Wales. We do not have to sell the electricity network. We can get the infrastructure that New South Wales wants and needs by keeping its electricity network in public hands. The Greens strongly oppose the legislation.

The Hon. COURTNEY HOUSSOS [6.50 p.m.]: I rise this evening to speak on a significant issue of public importance for the State of New South Wales—the privatisation of our electricity network. I speak against the Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015. This issue is not new. Indeed, this Government's privatisation plan was the key issue during the recent election campaign and has been a fiercely debated topic around the State for many months. This plan is as unpopular now as it was then. We have only to look into the Chamber of the other place to substantiate the unpopularity of the Government's plan.

In an election campaign largely fought on the issue of electricity privatisation, not only did this Government suffer large-scale swings against it in the order of 20 per cent and more; not only did it suffer a frontbench and backbench revolt from members of The Nationals who know this is a bad plan; but most importantly, the Government lost 15 seats in the other place to candidates who publicly opposed its plan. In this context, the talk of mandates from members opposite becomes impossible to endure. Equally, members on this side of the House make the case that we have a mandate of our own to respect and a much-agreed case to prosecute against this sale.

I would like to talk about the staggering inconsistencies evident in the Government's privatisation plan. The contradictions between Liberal members and the contributions of The Nationals during the last election campaign were certainly not lost on members on this side of the Chamber. On the one hand, there was an argument coming thick and fast from Liberal candidates that selling off the electricity network would be hugely beneficial to the State. On the other hand, in varying degrees of forcefulness and subtle indifference, The Nationals candidates were saying the opposite. They were spruiking that they had saved regional areas from the devastating effects of the privatisation plan. In fact, the Hon. Duncan Gay made it easy for us when he stated the devastating effects of privatisation in a letter dated January last year, in which he wrote:

I know that country people, in particular, are worried about how a private operator might handle maintenance and emergency blackout responses ...

That's why The Nationals have negotiated to keep Essential Energy (the regional part of our electricity network) 100 per cent publicly owned ... all of the rewards with none of the risk.

Let me start with this proposition: if it is bad for country areas, it is bad for the State. If the Hon. Duncan Gay can acknowledge the risk of maintenance quality and emergency blackout responses due to electricity privatisation, why can the rest of his team not do so? If half the State needs its local electricity network protected from this dud privatisation deal, why has the other half been thrown to the wolves? It does not make sense, and members opposite surely know this. Opposition members are well aware that it is not only The Nationals who object to the sale. A clear majority of the electricity network's current owners—the people of New South Wales—do not want it sold.

Recent published polling has shown that following the election 60 per cent of people still have significant concerns about this Government's plan to flog off their electricity assets. Only a few days ago members opposite tried to convince us that they were proud of a 53 per cent vote in Tweed and a 52 per cent vote in Lismore. So what do they make of 60 per cent? What do they make of this massive group of people statewide who still do not trust the Government with selling off their electricity network? Not a great deal, it seems. These bills have been rushed to Parliament in spite of the 60 per cent disapproval rating and contrary to the commitment the Government gave to Reverend the Hon. Fred Nile. It is not difficult to appreciate why these bills have been rushed to Parliament. The growing concern in the community regarding the sale and the method by which the Government intends to sell has frightened the architects of these bills, who seek to limit public debate and inquiry. They know the people of New South Wales did not approve of the plan to privatise before the election and that they still do not approve. We can be sure that the people of New South Wales will not appreciate the significant and lasting consequences of this sale well into the future.

For the benefit of members, I will mention some of the consequences. Currently our electricity distribution network is a State-run natural monopoly. This makes sense. Customers cannot choose which powerlines to use because only one set exists in our streets. Like the Leader of the Opposition, I am not an ideologue on privatisation. I am more than prepared to accept that there are instances exist where privatisation is beneficial to the State and to customers, and where proper regulation provides appropriate safeguards to consumers. This Government's sale of our electricity network, however, transfers the profits of a natural monopoly from the State Treasury to the back pockets of corporate investors. Where profits from the electricity network once funded hospitals, schools and roads—now they will not. Where profits from this network once funded police, paramedics and firefighters—now they will not. This money will be ripped out of essential services for local communities and handed over to the highest bidder.

It makes no sense to sell a profit-generating natural monopoly asset that currently funds essential services and therefore reduces the tax burden on the people of New South Wales. One blinding omission from this Government's plan to sell off the electricity network is how it intends to replace foregone revenue. The \$1.7 billion flowing into State coffers annually from this network has to be replaced by new or increased taxes or government services must be cut. Which will it be? We know that this Government has form when it comes to cutting billions of dollars from the Health budget. I am reminded of the newspaper headlines from September

2012, when the Minister for Health announced \$3 billion worth of savings—also known as cuts—from the Health budget. This Government also has form when it comes to cutting billions of dollars from schools and TAFEs around the State.

The Hon. John Ajaka: Point of order: My point of order is relevance. The Hon. Courtney Houssos' remarks are not within the long title of the bill.

The Hon. Greg Donnelly: To the point of order: Government members, including the experienced Minister, know that wide latitude is extended to members during the second reading debate. The Hon. Courtney Houssos has said nothing that is outside any reasonable understanding of what would ordinarily be raised during the second reading debate.

The DEPUTY-PRESIDENT (The Hon. Trevor Khan): Order! I agree that wide latitude is given to members in the second reading debate. However, I remind the member that she must speak to the long titles of the bills. She is being relevant, but if she continues with this discourse for a lengthy period she will be called to order.

The Hon. COURTNEY HOUSSOS: Of course, this Government has form when it comes to cutting billions of dollars from school and TAFE budgets, given the \$1.7 billion worth of cuts inflicted across New South Wales in its last term in office. We know that this Government has form in cutting and closing community services such as women's shelters—a shameful reminder of the Government's first four years in office. If more of this is part of its plan, it should be upfront and say so. Whenever this Government turns around and makes the case for more cuts in future, we will know why: It will be because it is selling a revenue-generating asset and funnelling the one-off proceeds into things that will continue to cost us money well after they are built. It does not make sense, and the people of New South Wales know it.

I turn to regional New South Wales and The Nationals so-called "deal" to protect regional communities from the lasting impacts of this privatisation plan. Some part of me wants to congratulate The Nationals on standing up for regional New South Wales for once. However, as is often the case with The Nationals, all is not quite what it appears to be. While Essential Energy has been excluded from the current sale, TransGrid has not. In fact, as previous speakers have said, 100 per cent of TransGrid will be sold. It is incorrect to say that the regional electricity network will remain State owned. TransGrid's entire network of 12,000 kilometres of high-voltage transmission wires connecting regional towns and cities to the grid will be gone.

Is it any wonder that TransGrid hardly got a mention from members opposite during the election campaign? The Nationals claimed to all and sundry during the campaign that they had stood up to the Liberals and negotiated the exclusion of the regional electricity network from the sale. Not only did they reinforce the Opposition's argument that the sale is risky and that it will be bad for the State, but they also misled the public by neglecting to mention that all of TransGrid's regional poles and wires would be sold—all 12,000 kilometres of them across this State. Any privatisation plan that needs to be hidden from the public or, indeed, disguised as something it is not, is clearly not a plan worthy of consideration. The sale of the regional poles and wires has been disguised by members opposite in this debate.

What will happen to TransGrid's 1,083 workers across the State, including 63 workers in Orange, 65 workers in Tamworth, and 57 workers in Wagga Wagga? What will happen to their jobs after TransGrid is sold? We have heard a great deal from the Opposition's side of the divide on this issue both in this place and the other place last week. So, I thought it might be useful to break up things a little and to remind members of the contributions made by some on the opposite side of the divide. On 6 June 2014, the member for Murray and Deputy Leader of The Nationals was quoted in the *Daily Telegraph* as saying:

I know in my electorate people have made it very clear they don't want their local electricity poles and wires to be sold, and I agree with them.

Pursuant to sessional orders business interrupted to permit a motion to adjourn the House if desired.

The House continued to sit.

The Hon. COURTNEY HOUSSOS: Good on the member for Murray in times past. On 9 June last year, the member for Monaro, and now Minister for Regional Development, spoke of the potential price rises following a privatisation and also its effect on service reliability in regional communities. He said:

What we are now seeing in Victoria [is] issues around price, issues around jobs and service delivery.

Furthermore, on 10 June last year, the member for Clarence said:

There's no good in selling the poles and wires as far as I'm concerned. We will lose jobs through the privatisation process. Of that I am sure.

Given that contribution, the member for Clarence should join the Opposition. However, the member for Coffs Harbour's contribution on 6 June last year really takes the cake. He said:

My attitude is do not sell. I don't care what they put on the table, or what they promise, I don't believe the numbers stack up.

I wonder what the people of Coffs Harbour think of their fighting lion in Parliament now. Their crusader in this place who now votes to sell off TransGrid, and the majority of Ausgrid and Endeavour Energy. I imagine that they are not amused. I could go on and on for the benefit of the House, but I am sure that I have made my point. It is not just the Labor Party that opposes electricity privatisation, it's not just 60 per cent of the public and almost 100 per cent of the affected workers, but the honourable members sitting opposite in this House and their colleagues in the other place who know that this deal is a dud and that the people of New South Wales will be worse off because of it.

Mr SCOT MacDONALD (Parliamentary Secretary) [7.04 p.m.]: I strongly support the Electricity Network Assets (Authorised Transactions) Bill 2015 and the cognate Electricity Retained Interest Corporations Bill 2015. We have been engaging in this debate for four or more decades. Labor Premiers Bob Carr and Morris Iemma and Labor Treasurers Michael Egan and Michael Costa wanted to privatise these assets. Premiers and Treasurers have lost their jobs over this issue; the Labor Party has torn itself apart over it. The people of this State have now given the Government a mandate to get on with reform, and we must pass this legislation tonight. If we do not, we should at least pass it this week. The anti-privatisation campaign has been dishonest. I saw that front and centre in the Hunter and on the Central Coast during the election campaign. In fact, it has been one of the most dishonest and aggressive campaigns that I have ever experienced. People came from Queensland to campaign. It was a shocker.

The Hon. John Ajaka: Point of order: Members opposite were afforded the opportunity to make their contributions without interjection. I ask that they extend the same courtesy to the Hon. Scot MacDonald.

DEPUTY-PRESIDENT (The Hon. Paul Green): Order! I note that the Hon. Dr Peter Phelps is not in the Chamber, so members were heard in silence. Mr Scot MacDonald deserves to be heard in silence.

Mr SCOT MacDONALD: As I said, it was probably the most dishonest campaign that I have experienced in my political life. The price scare campaign was not borne out by the evidence. Study after study has demonstrated that electricity prices in States that have privatised networks have increased more slowly than prices in States that have government-owned networks. The figures were twisted and used dishonestly by members opposite. The fact remains that the States that have had privatised networks for some time, such as Victoria, are enjoying lower prices rises.

The reds-under-the-bed argument prosecuted by the Leader of the Opposition was bizarre. I gave an adjournment speech on this topic a couple of weeks ago. We were told to beware of Chinese investment in our networks. Members opposite forget that the Chinese have invested about \$30 billion in Australia every year in recent times. The Chinese are very good customers of our cotton farmers, our woolgrowers and our meat producers. The Leader of the Opposition's contribution was a disgraceful and bizarre last roll of the dice in the dying weeks of the campaign. He was suitably castigated by his fellow members of the Labor Party, and most notably by Michael Costa and Morris Iemma. They tore him to shreds.

The member for Cessnock in the other place said that the Government could not implement this legislation because the proposal is Sydney centric. Of course, he forgot to mention that \$6 billion from the proceeds will go to the regions, and the Hunter will be one of the main beneficiaries. Members opposite conducted a scare campaign saying that the proposal was all about Sydney and that the rest of New South Wales was forgotten. The commitments obtained by my friends The Nationals ensured that the love and infrastructure will be spread around the State. I congratulate them on that achievement. The member for Charlestown cited Ausgrid's recent storm response, and said that there were 225,000 power interruptions or calls to Ausgrid.

In any scare campaign one only ever gets half the story. If the member for Wyong had bothered to attend the emergency meetings, as I did, he would have known that Ausgrid had said publically that contractors were key to getting many of reconnections done in a timely manner. Indeed, the private sector was working

hand in glove to provide a quick response to those interruptions. The private sector has always been, and will continue to be, an important part of the network. The member for Wyong also failed to mention reliability. I was amazed to hear Dr Mehreen Faruqi say that these assets should always remain with the Government because it will control their reliability. The Australian Energy Regulator and government agencies control reliability. Reliability, response times and community service obligations are determined by the Government and those sanctions will apply whether these assets are privately or public owned—in fact, the Government is talking about even stronger sanctions.

Mr Tim Crakanthorp, the member for Newcastle, took an interesting approach. He suggested that the leasing of our poles and wires will change the weather and used the recent storms in the Hunter as the bogeyman. But the member failed to understand that much of the response to those storm events by Ausgrid involved contractors. Ms Sonia Horner, the member for Wallsend, was probably the most honest of the Labor responders in the lower House. There is no disingenuous halfway house with the member for Wallsend—everything the public sector does is good; everything the private sector does is bad. It is a shame that my good friend the member for Wallsend has not spoken to former Prime Ministers Paul Keating or Bob Hawke, or any of those other great Labor reformers who are scratching their heads and wondering what has happened to the Labor Party, which has been left behind in New South Wales.

Mr David Mehan, the member for The Entrance, made the startling claim that "the bills are nothing more than a mechanism for the Government to raise the money it needs to meet its election promises". What a revolutionary insight! The Government has been campaigning on that platform for about a year; I am pleased that the member for has finally caught up. Ms Kate Washington, the member for Port Stephens, also implied that the transaction will change the weather and we will not be able to cope. I particularly liked the contribution of Mr Jamie Parker, the member for Balmain. He was tied up in knots about renewables. First he said we should get rid of the networks because they are dirty and fossil fuel based; then he said we should not get rid of them because they are publically owned. It was great stand-up comedy; however I am not so sure it was a very insightful speech. Time prevents me from going on.

In conclusion, the contributions of those opposite have been not so much heartfelt speeches but, rather, what I would call preselection insurance—their hearts are not in it. Indeed, in the *Sydney Morning Herald* last weekend the Leader of the Opposition belled the cat. Labor well knows that we will be moving on. Recycling assets is a proven way to go—we have been talking about it for decades. Over the next 20 years our economy will grow by \$300 billion and this will enable the Government to deliver aged care, health care and other essential services our community needs. In this world there are two types of people: The first are those who get up in the morning and wonder if they are going to be hit by a meteorite, those who think small and thrive on fermenting fear and scaremongering—I am, of course, referring to those opposite; the second are like those on this side of the House, who look forward to rebuilding New South Wales.

The Hon. SHAOQUETT MOSELMANE [7.14 p.m.]: I make a brief contribution to the Electricity Network Assets Authorised Transactions Bill 2015 and the cognate Electricity Retained Interest Corporations Bill 2015. If there is one thing everyone in New South Wales agrees on—and surely members in this Chamber will also agree—it is that the cost of living in this State is continuing to spiral upwards. Working families in New South Wales continue to suffer from high consumer prices for petrol and other essential household items whilst juggling mortgages, child care, et cetera. It is a shame that the Baird Government is continuing to ram through plans that will only raise the cost of living further and increase the financial burden on our working families. The privatisation of our electricity assets is guaranteed to do two things: raise prices and retrench workers—loss of jobs. This has happened in South Australia and it will soon happen in New South Wales. Everyone in this State will be affected by the privatisation of our electricity assets.

Families in places like Albury and Wagga Wagga will not be exempt from the pain of privatisation, nor will families living in metropolitan areas like Hurstville, Rockdale or the Northern Beaches. Working families are going through enough—areas like the Hunter and some suburbs in Sydney have endured disastrous flooding recently. But when those people are in desperate need of a helping hand, the Government will slug them with increased electricity bills. The Baird Government is trying to pull the wool over the public's eyes with big promises of infrastructure. The sad truth is that this privatisation plan is not in the best interests of the public. Will household electricity prices go up? Of course they will. The private sector only ever enters the market to increase its profits, which usually results in retrenchments and/or increased prices. The price of electricity will increase because the private operator will want to make money off its asset—and the Government and its big business buddies know that.

South Australia is the best example. Families in South Australia paid the highest electricity bills in Australia following the privatisation of its electricity assets, whilst the owners of the network made an annual profit of \$420 from every household in the State. That is cold comfort to families with higher electricity bills who, in the middle of winter, are too scared to turn on their heaters because electricity bills are about to skyrocket out of control. Will New South Wales be better off? No, it will not. There will be more funding cuts to schools and hospitals. Premier Baird has been unable to explain how he will fill the black hole when electricity profits are lost to this State, but the Government's track record shows it is comfortable with funding cuts to schools and hospitals.

In public hands our electricity network has returned more than \$1.7 billion to this State annually. That money has been used to fund teachers, nurses and police. Indeed, our public assets should be used to fund frontline services for the benefit of families and communities in this State. This monopoly asset should be kept in public hands. Flogging off a major public asset for short-term gain is not the act of a responsible government; it is short-sighted and irresponsible. Privatisation of our electricity assets will result in higher prices. The public should not be fooled by the Government's extravagant infrastructure promises. An increase in electricity prices will be the first and greatest impact to be felt by families in this State as a result of this privatisation. Once the grid is gone, as the slogan says, it is gone for good. It would be interesting to know why the Baird Government sought to influence the UBS report if the benefits of this privatisation are to be so great. The *Sydney Morning Herald* of 19 March 2015 reported:

UBS—one of two banks handling the electricity privatisation plan for the government—said in the initial report it would damage the budget in the long term due to the loss of billions of dollars in dividends and other payments.

That is a fact—there is \$1.7 billion in profits being made but this will be gone if the privatisation goes through. The article continued:

But the bank—which stands to benefit by earning millions of dollars in fees if the transaction proceeds—reissued the report with an addendum removing a statement the transaction was "bad for the budget".

This is not a matter of contention; the Premier himself has openly admitted that his office contacted UBS before the reissuing of the report. This is not only embarrassing for the Baird Government but also shows the spirit in which this Government operates—it is deceitful and dishonest. The New South Wales Labor Opposition opposes these cognate bills to privatise the electricity network for the reasons I have mentioned. This is an ill-fated privatisation plan that will end up having a negative effect on the household budget of working families throughout New South Wales and bring cuts to essential front-line services. Surely the people of New South Wales deserve better.

Mr DAVID SHOEBRIDGE [7.19 p.m.]: On behalf of The Greens, I acknowledge the work of my colleague Dr John Kaye as a continuous advocate for public ownership of great public enterprises in New South Wales and his work not only in this Chamber but also, along with other colleagues, on the committee inquiry. That soulless inquiry delivered the inevitable outcome of recommending the privatisation of the electricity network. I also commend the work of my colleagues Dr Mehreen Faruqi and Mr Jeremy Buckingham in their opposition to this legislation, the Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015.

I have been listening to the debate in this House and the other place. There is a philosophical difference of opinion between the Coalition, The Greens and the Labor Opposition. The philosophical difference of opinion is whether or not public enterprises—wonderful state-owned public enterprises—have a special place in these kind of monopoly market institutions. There is no doubt that the asset proposed to be sold here, the electricity transmission system in New South Wales, in an archetypal monopoly. It is a natural monopoly. People will have access to only one key electricity distribution network.

Every neoclassical economist knows that those natural monopolies have a dysfunction when they are in the hands of private corporations because the owner of a monopoly can charge whatever they like. They can simply charge whatever they like because there is no competition. The absence of competition means that the so-called benefits from the invisible hand of the market will not play out. The only way the Government can even suggest that this will not be a profiteering exercise by whoever gets the benefit of these assets is by tacking onto it a whole series of ways of controlling and regulating the price.

I note the contribution of previous speakers about the essential flaws in that regulation process—they are time limited; they are limited in how they can meaningfully regulate the price. This is a government that is

so committed to privatisation as a goal that it has forgotten that it is meant to have a commitment to free, open markets. Rather than delivering free, open markets, it is potentially delivering a natural monopoly to an overseas corporation which could reach into the households of millions of residents in New South Wales. It is a comprehensive, ideological fail on the part of the Government.

Nobody in New South Wales believes the Government when it says this will be good for householders. Everybody recognises a big lie when they are being told a big lie. The big lie here from the Government is that if we hand over a natural monopoly to a private corporation then suddenly consumers will benefit. Everybody knows that is rubbish. They know for a fact that this is a government trying to get a one-off cash infusion to shower around in New South Wales. Everybody in New South Wales will pay for that over the coming years and decades. They will pay for it through higher prices for their electricity, they will pay for it through lower services from the electricity network on foot, and they will pay for it through job losses and the loss of quality jobs in the electricity distribution system. Jobs will be downgraded. The quality of the work will be downgraded. It is a lose-lose-lose for the people of New South Wales.

The fact that the Government had to work with its own investment bank advisers to rework their report in order to sell this to the people of New South Wales before the election should have been a warning sign to the ideologues in the Baird Government that this was a poor outcome for New South Wales. But even when its own advisers say this will be bad for the budget—and they said so in unambiguous terms: this will be bad for the budget—it sails on regardless because it is so ideologically committed to privatisation.

There is one aspect I would like to pay particular attention to—that is, the deeply disrespectful way that the Government's legislation proposes to deal with the transfer of staff. First of all, we know that security of employment in this industry is already under attack from the pricing determination. Thousands of jobs are at risk as we speak because the pricing determination effectively requires the distribution networks to shed thousands of staff to meet that pricing. I have heard the Labor Party say that is a good thing. I have heard the Government question whether that is a good thing or a bad thing.

On behalf of The Greens I say it is a bad thing when we see so many high-quality jobs being lost, when we see a first-rate public institution being stripped back and pared down and when we see the potential for a significant downgrading of what has been billions of dollars of public investment. We are not only seeing thousands of jobs being lost through that dynamic; the Government said it would protect staff. It has put in arrangements in part 4 of the Electricity Network Assets (Authorised Transactions) Bill 2015 that are meant to protect staff. If they transfer within the public sector, the Treasurer may, for the purposes of an authorised transaction, by order in writing transfer a network employee from A to B. That is in clause 18. Clause 19 (1) says:

- (1) The Treasurer may, for the purposes of an authorised transaction, by order in writing transfer the employment of a networks employee (a transferred employee) to the employment of a private sector entity (the new employer).

There is no requirement for the Treasurer ever to exercise these powers. It is only if the Treasurer exercises those powers under proposed section 18 or 19 that there will be protection of an employee's entitlements—that is, the existing employee entitlements they have working for a public sector institution will be protected either to another public sector entity or to a private sector entity. Nothing compels the Treasurer to issue such an order.

Why would the Government produce a piece of legislation that allows such discretion in the hands of the Treasurer? If it was serious about protecting the conditions of public sector workers, why would the Government just leave it in the hands of the Treasurer? The Treasurer could say, "I might protect that guy over there but I won't protect that lady. I might protect those others over there. I won't protect those ones over there." Why would the Government come up with a piece of legislation that creates so much uncertainty and angst for public sector employees and that hands so much discretionary power to the Treasurer? When I search for potential motives, the only one that comes to me is that the Government does not really care if employees' entitlements are protected. It does not really care if they live in a state of significant uncertainty. I think that surely is a core demonstration of how little regard the Government has for the real impacts of this privatisation proposal.

The other aspect of the transfer of these employees is that the Treasurer can by order transfer these employees from the public entity to a private entity. Under clause 19 (2), a transfer of employment does not require the consent of the network's employee being transferred. They might not want to be transferred. They might want to work for the public sector and not for a large overseas corporation controlled by a corrupt, authoritarian government. They might say, "I never would have taken a job with a corporation owned by a

corrupt, authoritarian foreign government." However, this Government will give those employees no option at all as they will be forced to work potentially for a corporation they find ideologically grossly distasteful. Does the Government care? No, the Government does not care; it will order the transfer of the employee. The employee does not have the option to say, "Morally, I cannot work for such a bunch; I want to be made redundant." They will be forced to transfer. This Government, as a conservative Government, is meant to respect individual's rights. Being transferred by order to a company they are opposed to would have to be one of the greatest affronts to a worker's rights.

These bills, taken together, cruel the opportunity we have as a society to direct these networks into a genuine clean-energy economy. We have not seen the contracts, and almost certainly we will not see the contracts. The Government is privatising these assets under secret arrangements and, no doubt, secret provisions that will say to the new private owners—they are called lessees in the legislation but they are owners—that they should not worry: "We will not take steps to allow for a degrading of your assets. We will not allow anybody to set up a new decentralised distribution network. We will not allow anybody to set up a community-owned solar plant or wind plant to compete with your distribution network." This will be put in the contract to ensure the Government gets a maximum price for the sale and the new private owner does not have any unpleasant competition from the new green economy, which we know is coming.

I ask the Minister: Do we get a guarantee from the Government that these kinds of provisions will not be in the sale contract? Previous governments did this. The Labor Government did it when road networks were privatised, such as the Cross City Tunnel. Contractual provisions in the Cross City Tunnel documents prevented public transport from competing with the privately owned tunnel. Will we see similar contractual provisions prohibiting the green economy, the zero-carbon economy, from competing when these distribution networks are privatised? I assume the terms will be in the sale but almost certainly the people of New South Wales will not find out about them until the next scandal hits the papers.

Why would the Government cruel the chance to decarbonise the electricity system by not keeping the future of the electricity system in public ownership so that we can actively assist in the transition to a clean, green economy? This Government does not believe in a clean, green economy. This Government believes in a nineteenth-century or early-twentieth-century, carbon-intensive, coal-based electricity system. It is perfectly happy to sell out the future of our children with this privatisation legislation. This legislation fails on a narrow neoclassical economic analysis and when you look at the impact it will have on crueLLing a green-energy solution for New South Wales. It also fails on a simple test of what is good or bad for the budget.

Historically these assets have provided something like \$1.7 billion a year in ongoing revenue. It is unlikely to continue at that level and estimates suggest it will be less than that going forward. However, it is certain that a new private owner or bidder will only be willing to pay at best the net present value of those assets less the costs of the acquisition and the transaction. The new private owner will base returns on stripping out employees and entitlements. What does that mean? That means the price the Government will get will almost certainly be less in terms of net present value than the ongoing income that retaining the assets would have provided to the New South Wales budget. Also, the Government will capture the discounted net present value of the assets in a one-off capital influx and spend it primarily on non-income-producing assets.

That means we will inevitably be poorer in the future. The Government will no doubt cut a few ribbons and feel a bit better about road projects. But who will pay for the repair of these roads in the future? Who will maintain the bridges? Where will the money come from for the next round of infrastructure projects? It will not come from the non-income-producing assets. Future generations and future budgets will be poorer, all for this anti-intellectual, anti-environmental, anti-market ideological commitment to privatisation.

Passing this legislation in this manner will be a shameful day for this Parliament. This legislation will be bad for the families, the environment, the budget and the future of New South Wales. It will only be good for a few well-heeled advisors in investment banks and a bunch of big-end-of-town lawyers who will get to sign off on the contracts. If they cut a deal for the right price, potentially a couple of well-funded investment vehicles of foreign corporations will squeeze some profits out of ordinary householders in New South Wales. These bills should not pass this House.

The Hon. PENNY SHARPE [7.36 p.m.]: I will speak briefly against the Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015. Members of the House who have been here for a while will know that I have never been a fan of electricity privatisation and have spoken out against it in debates under a previous government. With these bills the issues remain the same

and my opposition continues. I speak against these bills because this legislation is not in the public interest and does not advance the public good for the people of New South Wales. Our electricity network is a monopoly asset. It is a revenue-generating asset that brings over \$1 billion of revenue into the New South Wales budget every year, with those dollars invested by the Government into infrastructure and also into recurrent funding every year.

This funding supports services that cannot, will not and should not generate revenue—services like teachers in our schools, nurses in our hospitals, child protection workers and national parks and wildlife officers, as just some examples. This asset is worth a lot of money—money that is channelled into the public good through the provision of public infrastructure and services. The loss of this revenue stream will have a profound impact on the funding available for recurrent spending. The Government has dodged this issue throughout this entire debate and continues to do so. I have listened carefully to today's debate on these bills. Not one Government speaker has made any attempt to talk about the impact—

The Hon. Greg Donnelly: They have been gagged.

The Hon. PENNY SHARPE: We have not heard anything from The Nationals yet, but we will see. They should not have been gagged but should have defended these bills. If they believe this legislation is in the interests of New South Wales, where have they been in the debate?

How will the recurrent expenses be paid for in the future? How will the State Government fund the things it needs to fund? There will never be self-funding and the Government must provide for the care, support and education of the people of New South Wales. Privatisation of the electricity network is not in the long-term financial interest of New South Wales. The Government has made much of the headline figure in "unlocking"—to use a government term—\$20 billion of funding for infrastructure. The amount that will be raised is highly debatable and we will wait to see how much money is actually released. However, it is clear that no matter what happens 99 years of dividends will be sold off for a much lower amount. That is not a good deal for taxpayers; it is a quick fix with long-term implications for the State. These bills enable a quick and dirty sale, which the Government promised in order to win the 2015 election.

If electricity privatisation is such a great idea, why is there only the halfway house of the so-called 49 per cent sale? I recognise along with many other speakers that the 49 per cent sale in fact sells 100 per cent of the State's transmission business TransGrid and majority shares in two of the three distributors, Ausgrid and Endeavour Energy. If electricity privatisation is in the best interests of the people of New South Wales, why have The Nationals insisted on a carve out for Essential Energy and argued vociferously against electricity privatisation?

The Nationals spent the last election campaign telling people the big lie that privatisation was bad and that they had saved regional New South Wales from it. If privatisation is not okay for the bush, why is it okay anywhere else in New South Wales? The Nationals compounded the lie by telling regional communities that they were safe, all the while knowing that all of TransGrid, those regional jobs and the training that goes with them were gone. I commend the Hon. Mick Veitch for his comments on that matter. We must understand where skills and training are delivered in regional areas. These bills set that back a long way.

We must also acknowledge—although The Nationals will not—that plenty of their Liberal colleagues are ready to go the whole hog for a full sale sometime in the future; they just have not got there yet. During the election campaign they were too scared to take the proposal that far, even though they fundamentally believe in it. It is coming and The Nationals will have nothing left, given their willingness to compromise on these bills. These bills continue the Government's form by not providing clear and transparent processes to give the community any modicum of confidence that the bills are in their best interests. The inquiry into these bills was rushed, as was the introduction of the bills into Parliament.

The Government has failed to provide modelling on the impact of the sale on the State budget and to explain how New South Wales will be able to keep Federal tax equivalent payments, which will have another significant impact on our budget. The Government has failed to provide the cost of the infrastructure projects that may be funded by the proceeds in the magic pudding world of this sale. The Government has identified a range of infrastructure projects with no business cases and no costings. We do not know how much the projects will cost. Yet Government members ran around the State promising every community that they would get the money they need. That is not right and it is another reason not to support these bills. If the case for privatisation is so robust, those matters should have and would have been addressed. Members on the other side of the

Chamber have not taken the opportunity to address the issues. Instead, they have allowed all contributions from members on our side to pass by without comment. It says a lot that not one member of The Nationals has spoken in the debate in this Chamber.

In finalising my contribution, I will make some points about the impact of these bills on innovation and the continued growth of renewable energy. Whoever buys our electricity network will do it for one reason and one reason only: to make money. Disruptive technology is coming. Renewable energy is growing and, despite the best efforts of the Coalition federally, will continue to grow. Changes to technology and the growth of renewable energy fundamentally challenge the business model for energy businesses. A private for-profit electricity network will not want to collaborate on any project that will diminish its profits. Privatisation will stifle innovation and make it harder to grow the renewable sector.

If we are serious about focusing on the future in New South Wales, we should acknowledge that there is no guarantee that innovation will move forward under a for-profit arrangement. That is another short-sighted part of these bills. The case for selling assets that the public already own and derive much benefit from has not been made. It is a very high-risk strategy that will have very long-term consequences. I do not believe the Parliament should support it. I oppose these bills.

The Hon. JOHN AJAKA (Minister for Ageing, Minister for Disability Services, and Minister for Multiculturalism) [7.43 p.m.]: I support the Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015. These bills are proof that the Government is focused on delivery and the long-term interests of this great State. We secured the mandate at the 28 March election and will now deliver on our commitment to the people of New South Wales to lease 49 per cent of the poles and wires.

As I travelled the State during the election campaign—in Coogee, Cronulla, Heathcote, Holsworthy, Kiama, Lismore, Penrith and Tweed and other electorates I visited with great local members—it was clear that the people were backing the Mike Baird team and its plan to turbocharge New South Wales. The Rebuilding NSW plan will fundamentally improve this State for all residents. It is only with the 49 per cent lease of the poles and wires that the Government can unlock sufficient capital to invest in the economy on a scale that will make a real difference to people's lives.

Within my areas of ministerial responsibility I see people every day who will benefit from the investment the Government intends to make under the Rebuilding NSW plan. We all know that people with disabilities and older people have greater difficulty accessing the job market. How fantastic for them that the Government has a plan to grow the job market as a whole. The Rebuilding NSW plan will boost the economy by around \$300 billion over the next 20 years and create more than 120,000 new jobs. The billions of dollars that the Government will unlock will be invested to improve the quality of life of every person in this State, including people with disabilities, seniors, members of culturally and linguistically diverse communities and our youth.

A lack of investment in infrastructure has affected nobody more than the multicultural communities of Western Sydney—the people I speak to every day in my new portfolio of Multiculturalism. Western Sydney is arguably home to Australian multiculturalism, with the two local government areas of Auburn and Fairfield being more than 50 per cent comprised of people born in a non-English speaking country. It is also home to the State's greatest infrastructure backlog, which I am proud to say will finally be addressed as part of the Government's historic Rebuilding NSW plan.

Our excellent education system is a key factor in attracting migrant communities to our shores. The Government intends to invest in education to the tune of \$1 billion under the Rebuilding NSW plan. That investment will ensure that we have better schools in both metropolitan and regional areas for students from all cultural backgrounds. The additional \$1 billion that we will invest in health under our plan to rebuild New South Wales will also be of great assistance to our communities. It will include \$300 million for the construction of a new hospital at Rouse Hill as well as the \$300 million that has been put aside to continue the redevelopment of Campbelltown Hospital to provide enhanced paediatric capacity and mental health services for south-western Sydney.

Members will also note that I have taken on responsibility for volunteering, which is yet another area where the Rebuilding NSW plan will have a profound and positive impact. Volunteers are the lifeblood of our State's cultural and sporting institutions. With the passage of these bills, our wonderful, hardworking volunteers will benefit from a \$600 million investment in stadia and a \$600 million allocation for a cultural infrastructure program.

Finally, I have the privilege of being assigned to the vital portfolio area of youth, which includes responsibility for the Advocate for Children and Young People Act 2014. If we pass these bills for no other reason, it should be for the youth of this State. These bills are a once-in-a-generation opportunity to build the infrastructure that will serve future generations of New South Wales. They should not be constrained by the same challenges we have faced in the past. If we do not act now, by 2020 more than \$8 billion will be wasted each year due to crippling congestion.

I have made my comments as a member of this House who has a duty to ensure that we work for the best interests of the people of New South Wales. The Government fought for a mandate on its commitment and it does not take it lightly. We thank the people of New South Wales for not only their mandate but also their trust. We will not let them down.

The Hon. GREG DONNELLY [7.49 p.m.]: At the commencement of my contribution to debate on the Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015, I indicate that my colleagues and I will not support the cognate bills and are urging all members of the House to also vote against them. To the extent that other members are not prepared to do that, as this legislation moves to the Committee stage tomorrow I ask them to look very closely at the amendments that will be moved by the Opposition, consider their significance and take a position of supporting them.

The circumstance in which we find ourselves is that the Government is determined to bulldoze this legislation through Parliament this week. I will discuss that matter in greater detail later. The Opposition has been placed in the position of trying to improve what we believe are two very poor pieces of legislation that have been received by this House. Before we reach the Committee stage tomorrow, overnight I encourage members to reflect on the amendments that will be moved tomorrow to improve the legislation in some respects. It is incumbent upon all members to take the opportunity that the Committee stage provides to improve the bills. Of course, in my view, it would be a great outcome if the bills were defeated at the second reading stage, but it appears that the Government has sufficient crossbench support to have the second reading of the legislation passed by the House.

As I understand it, the Government's plan is to complete the second reading stage this evening and tomorrow deal with the Committee stage and take the legislation through to the third reading to complete its passage through the House. I note that in both this House and the other place a number of Opposition members have spent significant time critiquing the shortcomings of the bills from both policy and technical points of view. I do not intend to canvass all of those matters again because that would make no sense. In my view, the presentations of the Opposition's case by the Leader of the Opposition and the Deputy Leader of the Opposition contain the most salient points. I intend to concentrate on a few matters and draw out some observations that I think are relevant.

I acknowledge two pieces of research in the public domain that I and no doubt many other members have used to bring a critical eye to the matters being debated tonight. The first is a discussion paper written by Stephen Koukoulas and Thomas Devlin from the McKell Institute, which commissioned the research paper entitled, "Nothing to gain, plenty to lose: Why the government, households and businesses could end up paying a high price for electricity privatisation", dated December 2014. The second is a briefing paper written by two individuals in the State who over a long period have scrutinised with a high level of detail matters dealing with the privatisation of electricity and its different dimensions, Emeritus Professor Bob Walker and Dr Betty Con Walker. Their paper is entitled, "Electricity Privatisation: Bad Financial Management" and is dated February 2015. From time to time I have had the opportunity to have conversations with those authors. Those of us who have read their papers appreciate that they bring into sharp focus the implications of the privatisation of State assets and particularly in this case electricity assets.

No doubt the Government will try—as it did in the other House and I would be very surprised if it does not do so in this House, either tonight or tomorrow—to besmirch and criticise those two papers for being jaundiced and lacking objectivity. That is to be expected. However, I urge members to acknowledge that any fair reading of those documents raises a number of issues that the Government cannot or will not confront in this debate. The Government could not and would not confront those issues during debate in the other place and, given the dearth of contribution by Government members to debate in this House, it is very clear that they cannot or will not confront the issues in this Chamber. I find that to be quite extraordinary, given the great weight that the Premier, in particular, and the Cabinet put on their claim that the move to privatise electricity assets was a key issue that had been staked out in the election campaign. Beyond the Premier and Cabinet members exercising Cabinet solidarity by supporting the legislation, other Government members have been almost silent. It is almost as though one can hear a pin drop. That makes one wonder what is going on.

Why are Government members not prepared to make a contribution to the debate, defend the legislation and argue the Government's case? It is very hard to understand the great reluctance to discuss something that Government members promoted as so significant in the election campaign and in the Government's victory. Now that the bills have come before the Parliament, essentially, the vast majority of Government members are missing in action. An observation that members here have made and members in the other place made last week, and one that I will make, is the obscene haste with which the Government is ramming the legislation through this Parliament.

The bills were introduced in the Legislative Assembly last Tuesday, which is a week ago today, and were pushed through by Thursday. The usual procedure of laying the bills on the table for five calendar days is intended not only to enable members of Parliament to review legislation but also, importantly, to give the public an opportunity to examine what is being proposed. That procedure was completely bypassed. It seems to me that that shows what has been fairly described as contempt by the Government towards not only the processes of this Parliament but also the citizens of the State, who clearly have a very big vested interest in this legislation.

As we all know, debate in the other place was concluded without the select committee's report having been tabled. The report was tabled today at approximately 2.30 p.m. and a copy became available on the parliamentary intranet at approximately 3.00 p.m. In the other place debate was commenced, undertaken and completed with members of, shall I say, the people's House being denied an opportunity to inform themselves of a range of issues that were considered during the inquiry. Those members have been denied the opportunity to reflect and comment on the findings of the committee. The process of scrutinising the legislation in the lower House was all over for Legislative Assembly members before they had the benefit of studying the select committee's report.

I note that the inquiry report was tabled today. I find it extraordinary that in such a short time—the report was placed on the Parliament's intranet about three hours ago—we are expected to be able to synthesise and comment on all the matters raised in the report and make a contribution in this place that I think the people of this State would expect us to make, whether they voted for the Labor Party, the Coalition or members on the crossbenches. Members of the committee obviously had the benefit of sitting through the evidence presented to them, but the rest of us are relying on the report to provide us with an opportunity to deal in detail with a number of issues and to make a contribution to this debate. We have been denied that opportunity. We have had to scurry to find some basic facts and details on which we can reflect to incorporate them in our contributions.

The Government claims that it has a mandate for this legislation but I have never heard—I do not believe any of my colleagues have heard—the Premier and his Cabinet members or candidates who ran for The Nationals or the Liberal Party at the last State election seeking a blank cheque from the citizens of New South Wales. The language used by the Premier last year when the matter was brought into the public domain and argued with more vigour during the course of the election campaign was very deliberate. The Premier often made explicit comments such as the legislation would be subject to the scrutiny of the Parliament; that there would be checks and balances, and there would be careful consideration of the impact of what was being proposed. He used deliberate language to assure and comfort the citizens of this State for the purpose of the election.

Having secured a victory on 28 March the Government seems to believe that it can set aside the explicit promises it made regarding the privatisation proposal—and those promises are on the record—and pretend that they were not made at all. The Government believes it can walk away from those promises and ignore them, and even when it is reminded of them it chooses not to acknowledge them. If that is not out and out dishonesty I am not sure what is. The Premier was not shy in making explicit promises to members of the public who I think everyone would acknowledge were wary and who are still wary of the privatisation plans. To counter that, the Premier thought it was politically smart to carefully craft his comments and his arguments. I note that in a media release on 10 June 2014 the Premier said:

Electricity network prices will be discounted by 1 per cent off the forecast regulated prices until 2019.

The jobs of permanent award employees will be protected and treated consistently with previous transactions.

The regional presence of network businesses will be maintained.

I have picked three quotes from a media release but I could pick many others. If we put them under scrutiny we clearly find that the Government is walking away from its promises. The Government does not want to

acknowledge that those statements were made deliberately and consciously to help persuade people that they should support this matter in principle. When the real test is applied—in other words, when this matter is looked at in detail by this House—we have found its promises wanting.

It is extraordinary that there is no acknowledgement that those promises were made. It is as though the Government is in denial that those undertakings were ever given. It has walked away from this matter because it believes that is the way in which business is done in this State. It is clear that once the Government disposes of these monopoly assets they are gone forever. It is completely disingenuous of the Government to continue to hold out that this transaction is not a sale. Those people to whom I have spoken—I am talking about people who may be legally qualified through to laypersons in the street—simply give me a wry smile and say that they know we are talking about a sale and that once these assets have been moved from the books of this State they will be gone forever.

I and many other people find it impossible to accept that it is good public policy to dispose of assets that deliver such a large and regular income stream to this State. Once the assets are moved from the Government's books that income stream will be lost forever. State and Territory governments are finding that they are income challenged; it is a serious economic reality that none of the State and Territory leaders deny, and it makes no sense to forgo a significant income that can be used to provide important government services. There can be no doubt that the loss of income to the State will have a deleterious impact on New South Wales State budgets year after year in the future.

What conditions will be written into the contracts that will be signed with the purchaser of the assets? An area of concern that I and other Opposition members have is that we know the commercial-in-confidence blanket will be thrown over not just the negotiations but also those elements of the contract that will form part of the negotiations. That will not enable fair and reasonable scrutiny of a significant act by this Government—the disposal of the largest asset that has ever been transacted in this State. If this Government were open and transparent and it did not mind scrutiny it would give us an opportunity to examine the contract. There might well be a way in which that could be done. There are people who would be able to bring some serious brainpower together to work out how that could be done so that people's confidence is maintained and they are able to sit down, look at what is being proposed and participate in that process.

But the Government's attitude is that the winner takes all. It will simply progress this legislation in the way in which it sees fit. On reading the utterances of the Premier and other Government speakers—and there were very few of them—one realises that they are proud of the fact that through this legislation they have given themselves enough wriggle room, as they describe it, to manoeuvre and to work out this transaction in the way in which they want. So much for transparency and enabling full consideration of this proposal. I will not support these bills and I ask all members not to support them.

The Hon. BEN FRANKLIN [8.09 p.m.]: I am proud to speak in debate on the Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015. These bills represent value for the taxpayers of New South Wales, deliver unprecedented investment in the State's infrastructure and represent a once-in-a-generation deal for regional New South Wales. They are bills that were ultimately endorsed by the people of New South Wales at the election. Electricity privatisation has always been a hard issue to approach. It is an issue that is particularly susceptible to misinformation and fear-mongering. So many myths, tales and bogey-man stories can be told about privatisation that it is often hard to have an honest debate about the pros and the cons.

The policy that the Premier and Deputy Premier put to the electorate at the last election is a sensible, moderate but visionary approach. This Government intends to lease, not sell, 49 per cent of the State's distribution networks, providing the necessary protections and using the proceeds to fund \$20 billion in infrastructure. But why do this? The Government is doing this because the State's infrastructure backlog is real and has been allowed to stagnate for too long. In regional areas we have deteriorating roads and bridges, water and transport projects sitting idle on the drawing board, and people still have to travel too far to access their proper government services. The New South Wales Liberals and Nationals have been cleaning up the mess but solving these issues by negotiation or moving the budget around just is not enough. We need that capital expenditure. We need a proper funding solution that does not spend away our children's future and that maintains the State's triple-A credit rating.

At the election this Government offered that solution. It is a bold plan, a plan that shows the courage and vision that have been missing in Australian politics. Best of all, the Government was open and transparent

about the policy, announcing it 10 months before the election and engaging in proper community consultation on the Rebuilding NSW plan. The Baird-Grant Government saw this as a huge economic opportunity, but unfortunately Labor and the unions saw this only as a campaign opportunity. If they had thought of what is good for the State instead of attack points for their re-election, they would have come to the same conclusions as Labor heavyweights like Michael Costa, Morris Iemma, Mark Latham, Paul Keating, Bob Carr and Martin Ferguson. What they recognised is that this is sensible and moderate reform that delivers a massive windfall for the people of New South Wales; that this is the solution the State needs.

Instead Labor members sought to frighten the electorate to win votes while offering what they called a modest infrastructure package that solves none of the State's social and transport infrastructure backlog. But despite all this—the misinformation, the fear-mongering, the rhetoric and the sinister advertisement campaigns paid for by union funds—the voters still know a good deal when they see it. The Baird-Grant Government went to this election seeking a mandate for a 49 per cent lease of electricity distribution networks—it was the single biggest election issue across the State—and the voters of New South Wales endorsed the plan with a resounding majority.

So here we are today debating these bills. I am proud to commend these bills because they represent the Baird-Grant Government keeping faith with the electorate and fundamentally getting on with the job. But the proof is in the pudding. Regional New South Wales will benefit from a staggering \$6 billion in investment, including \$4.1 billion for regional transport, \$1 billion for regional water security and \$300 million for regional tourism and the environment. This is the infrastructure New South Wales has been crying out for and this Government intends to deliver it. These are not just impressive dollar figures. This money has been allocated to make the day-to-day lives of people right across this State easier and better.

It will improve the roads they drive on, it will improve the public transport they use, it will bring better health services closer to their homes and it will improve the learning outcomes for their children. They will be able to have confidence that their Government is securing their future, that their area will have a secure water supply well into the future, that their schools, hospitals and roads can manage the population growth that comes with job creation. As for the lease itself, multiple independent reports and stakeholders have supported the benefits of part-private ownership putting downward pressure on prices.

As added protection there will be a requirement for bidders to sign a price guarantee. The lessee will have to hold a conditional licence, the Government will appoint an Electricity Price Commissioner and network prices and service standards will still be regulated by the national Australian Energy Regulator. I am proud to speak in debate on these bills. They represent a game-changer for regional New South Wales. We have a once-in-a-generation opportunity to fix what is broken in this State and look to the future instead of trying to keep up with the present. I challenge those opposite to break away from the control of their unions and accept the mandate for change. These bills are the solution that this State needs and, importantly, the solution they voted for. I commend the bills to the House.

The Hon. SOPHIE COTSIS [8.15 p.m.]: I speak in debate on these important bills and, as my Labor colleagues have stated, Labor will oppose the Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015. First I ask: Why are these bills being rushed through the Parliament? The bills were introduced and the Minister gave her second reading speech last Tuesday. The second reading debate was rushed through on Wednesday before the State of Origin. The committee released its report today but members and the people of New South Wales have not had an opportunity to go through the report. Why is this legislation being rushed through the Parliament and why is the Government not providing details and answers to questions being asked by consumers?

Despite the assertions of the Government following the election, I do not believe it has a mandate. I have travelled through New South Wales, down the South Coast to Bega, where I have campaigned with a number of electricity workers and consumers. Government members and candidates refused to talk about the electricity sell-off. They were embarrassed because they knew it was a bad deal. Very few Government members and particularly Nationals members have spoken on these bills. In the lower House I understand the Deputy Premier and Kevin Anderson spoke but the other Nationals did not have the guts to speak. They were too embarrassed because they know it is not a good deal.

I acknowledge that one Nationals member of this House spoke on the bills. The Hon. John Ajaka also made a contribution but he did not speak to the bills. Rather, he spoke on a range of issues that had nothing to do

with the bills. He did not explain how the transaction would work but spoke about how the deal would benefit Western Sydney. Let me talk about Western Sydney, the numbers and the people of Londonderry, Mount Druitt, Fairfield, Granville and particularly Penrith.

The Hon. Dr Peter Phelps: We won Penrith.

The Hon. SOPHIE COTSIS: Yes, but there was a 10 per cent swing against the Government in Penrith. The Government Whip has not had a look at the swings; have a look at the swings in regional New South Wales, on the South Coast, in Bega, Goulburn and Port Macquarie. The Government talks about the past 10 months. I have travelled across the State over the past 10 months and not one person came to me and said, "I agree with this transaction." Not one consumer, employee, community member, pensioner or housing tenant came to me and said that this is a good deal for New South Wales. Not one person said this, because they know what the joke is about; they know the Government is fooling the public.

If the Government is so proud of this complex and large transaction, it should have fully disclosed the details. It is a bad deal. The Government and the Premier are rushing through this legislation. During the Select Committee on the Leasing of Electricity Infrastructure inquiry the Premier kept talking about his board, which demonstrated his arrogance. The Premier needs to give further details. We do not hear many members of the Government talk about this very important transaction. It is because they are embarrassed.

The PRESIDENT: Order! Members will cease interjecting. I do not want to call members to order at this late time of the night, particularly when some members are already on calls to order.

The Hon. SOPHIE COTSIS: This privatisation presents long-term risks to the budget. It will create a funding hole that will have serious consequences for the provision of essential government services like health and education. Before the election the Premier made a number of promises about the privatisation of the electricity assets. In his media release of 10 June 2014 he said:

Electricity network prices will be discounted by 1 per cent off the forecast regulated prices until 2019.

This promise has been broken. In fact, the Government is appealing the AER determination on regulated network prices. The jobs of permanent award employees will be protected and treated consistently with previous transactions. The legislation does not mention permanent award employees and creates no guarantees that employees will be protected—another broken promise. He continued:

The regional presence of Network Businesses will be maintained.

The legislation provides no guarantees about regional depots, jobs and offices—another broken promise. This legislation was meant to impose these strict conditions but it does not. The Government has walked away from its promises on prices, jobs and regional interests. As some of my colleagues have said in the Legislative Assembly, workers are not just concerned about their jobs and their community but about maintenance, safety and the community interest. The Government is not being truthful. It is not providing the detail in these bills. It is very concerning that the Government is rushing through this legislation when the inquiry reported today and each member has not been given the opportunity to speak to the committee's very important report.

A fundamental issue is the financial impact of the sale. The Government is proposing to spend the proceeds, regardless of the revenue hole that will be created by selling the dividends from the electricity company. This will have impacts on the rest of the budget—health, education, police and all the other functions that the people of New South Wales rely on. Spending all the proceeds on things that will not generate the same revenues that the electricity assets generate is fiscally dangerous. The Government is betting everything on interest rates staying low forever, which is a dangerous way to manage the State's finances. Disregarding the future impact that the loss of revenue will have is also dangerous. It is based on reckless assumptions and exposes New South Wales to financial risk. Everyone knows that, and that is what the evidence before the upper House inquiry clearly brought out.

Debt and the prudent allocation of proceeds was a key issue for the inquiry. The Government should consider the evidence and submissions of respected economists such as Steven Kakoulas, Professor John Quiggin, Professor Bob Walker and Dr Betty Con Walker. The need to address the revenue hole is critical. What the Government offers is just hope that the revenues will be found when they are needed. It is not a sound approach to public finance. In relation to my concern about the increase in the price of electricity, since this Government came to office four years ago electricity bills have increased by \$629 per year, or 42 per cent.

The Government is currently appealing the latest determination by the AER even though it would have delivered major savings for electricity consumers. The latest AER determination would have saved households on average between \$165 and \$313 per year. The risks of this privatisation and the danger it poses are exacerbated by the Premier's decision to take legal action. The decision of the AER which the Premier is opposing will save New South Wales households \$6.2 billion through lower electricity prices. New South Wales customers know they have been paying too much for electricity. These are the facts, but this Government is pushing through this very important and complex legislation.

Households have already had an increase in their power bills. The Government is currently spending taxpayers' money to oppose the independent regulator's efforts to lower prices. Whatever private interests buy these companies, they will be unrelenting in pushing power prices higher in order to maximise a return on their investment. Whatever claims the Government might make about protections for consumers against price gouging, there is no denying these two facts. First, whoever buys these companies will have paid potentially billions of dollars, and they will be working every day to maximise the return on their investment.

The Hon. Dr Peter Phelps: Yes.

The Hon. SOPHIE COTSIS: I acknowledge that interjection.

The Hon. Dr Peter Phelps: By cutting costs.

The Hon. SOPHIE COTSIS: But they will maximise their profits.

The Hon. Dr Peter Phelps: By cutting costs, not raising prices.

The Hon. SOPHIE COTSIS: Second, the electricity distribution companies are a natural monopoly. This means consumers do not have the choice to go somewhere else if prices are too high. Most markets work well because there is a balance between the interests of businesses and consumers. In a market where there are multiple buyers and multiple sellers, people can exercise choice, consumers can opt for higher quality or lower prices, and the businesses that best respond to consumer demand are rewarded with higher profits. Competition and choice are what makes most markets work. However, this is not how the electricity market works. Electricity distribution is a natural monopoly. There is only one grid and, if the price is too high, one cannot just cross the street and use a different distribution company.

These transactions are all about gifting private interests with a licence to print money. Currently the proceeds from the distribution companies go back to the State budget to fund our schools and hospitals. Under the Government's plan the budget will lose this revenue and, instead, private interests will be eligible for this windfall. This fact is best expressed by the Government's own adviser, UBS. A number of my colleagues have spoken about the report of the Government's advisers. The electricity distribution companies are worth billions of dollars, which the Government says the private sector will spend to buy them. Surely those distribution companies are also valuable enough for the Government not to sell. But do not take my word for it; just ask The Nationals how bad is this deal.

The Hon. Dr Peter Phelps: I bet they vote for it, Soph.

The Hon. SOPHIE COTSIS: They did vote for it but they did not speak to it because they were embarrassed. If someone is passionate about something and believe in it and they have said "We have got a mandate. We have been supported by the people", they should speak about their belief in it with conviction. But The Nationals are embarrassed.

The PRESIDENT: Order! I warn the Hon. Dr Peter Phelps for the very last time to cease interjecting.

The Hon. SOPHIE COTSIS: This is the Government's signature legislation, but only 2 per cent of its party room members have spoken, because they are too embarrassed. On 9 June 2014 the member for Monaro, John Barilaro, a member of The Nationals, told the ABC that he had concerns about potential price rises following a privatisation and also its effect on service reliability in regional communities.

The Hon. Duncan Gay: I am a National and I assure you I am not embarrassed.

The Hon. SOPHIE COTSIS: Yes, you are a National in Redfern Heights.

The Hon. Duncan Gay: So you have put that on the record. I am not embarrassed, nor are the others.

The Hon. SOPHIE COTSIS: In Redfern Heights. Mr Barilaro said:

What we are now seeing in Victoria is issues around price, issues around jobs and service delivery.

On 10 June 2014 the member for Clarence, Mr Chris Gulaptis, a member of The Nationals, told the ABC:

There's no good in selling the poles and wires as far as I'm concerned ... we will lose jobs through the privatisation process. Of that I am sure.

On 6 June 2014 The Nationals member for Coffs Harbour, Mr Andrew Fraser, told the ABC:

The National Party conference last year voted unanimously not to sell ... my attitude is do not sell. I don't care what they put on the table, or what they promise, I don't believe the numbers stack up. I don't believe the returns that are being promised can be made, and therefore why sell something at this stage.

Have a look at his margin in the electorate of Clarence. How many votes did The Nationals lose there? They lost close to 20 per cent in Clarence. What proportion of the votes did they lose in the Tweed, Coffs Harbour and Port Macquarie electorates? Andrew Fraser—I hate to say it—is right, and The Nationals are 100 per cent correct to oppose the privatisation of the electricity distribution companies because of the effect this privatisation will have on country New South Wales.

The Hon. Greg Pearce: You're the only one to say Andrew Fraser is right.

The Hon. SOPHIE COTSIS: In this context only is he right, I say without prejudice. Whatever claims The Nationals might make about protecting Essential Energy—they thought they were really good because they did a deal—we know that that is going to be next. But The Nationals cannot deny that they have supported the complete sale of TransGrid. TransGrid is the operator of the high-voltage transmission network. It operates across the State, including country New South Wales.

The Nationals in the other place have all voted to sell TransGrid, and The Nationals in this place as well are going to vote to sell TransGrid. They cannot claim to have protected country New South Wales from this terrible deal which so many of them have publicly acknowledged is bad for country New South Wales. They talked about how bad this transaction is for country New South Wales but they are still going to vote for it. A privatised TransGrid will inevitably seek to reduce its costs by laying off locally based workers in country New South Wales and centralising its operations in Sydney. The Nationals know this—they have said as much on the record—yet they are going to vote for it. It is a bad deal. I thought that members of that party were good negotiators, but this is a bad deal.

I would also like to draw the attention of members in this place to some very good submissions to the inquiry. It was a shame that this inquiry was rushed because the Government wanted this issue to be over and done with. People did not have the opportunity to read the very good submissions from both sides of the debate. I also acknowledge the dissenting reports of my colleagues the Hon. Adam Searle and the Hon. Peter Primrose. Those reports were comprehensive and provided very good information. I draw the House's attention to the submission by Local Government NSW. It said:

... in principle, LGNSW does not support the privatisation of strategic public infrastructure (e.g. electricity, water, transport). In summary, it is sufficient to say that the chequered history of privatisation does not provide compelling evidence that privatisation maximises benefits to consumers and taxpayers ...

Local Government NSW made a very comprehensive submission, which talked about the Government's funding priorities. One of its concerns—I also raised this in the media last year, along with a number of regional councils—was street lighting. In the submission, Local Government NSW says:

LGNSW has identified a number of concerns over the regulatory regime applied to electricity network service providers that need to be addressed before any leases proceed.

The submission goes on:

The provision of public street lighting services by electricity distribution network providers in NSW has been unsatisfactory and causing significant concern to Local Government for a number of years. Without regulatory reform, unresolved challenges are likely to come to a head with the proposed partial leasing of Ausgrid and Endeavour Energy.

My time is running out, but I would be happy to table part of this document, because I think the Government needs to have a look at the issue of street lighting and the cost that will be imposed on rate payers. I also acknowledge the many people across the State who have fought hard and will continue to fight hard on this issue. There were many workers, Unions NSW and the ETU, consumers and people across New South Wales who were very concerned about this very bad deal. [*Time expired.*]

The Hon. PAUL GREEN [8.35 p.m.]: I speak on behalf of the Christian Democratic Party in the debate on the Electricity Network Assets (Authorised Transactions) Bill 2015 and the cognate Electricity Retained Interest Corporations Bill 2015. I note that my colleague will be speaking later in this debate. We support the bill and will be moving some amendments. As noted by the Hon. Adam Searle, the Labor Party went to the election seeking a mandate to oppose the bill. We went to the election with a policy which said, basically, that we would hold an inquiry. In the midst of the noise of an election we said that we would try to get at the truth through an inquiry from all sides. We were able to produce a report, which was tabled late this afternoon.

The Electricity Network Assets (Authorised Transactions) Bill 2015 will allow the Government to undertake a long-term lease of 49 per cent of the electricity network. With the proceeds, the Government aims to rebuild New South Wales by investing \$20 billion in new infrastructure such as roads, rail, hospitals, schools, sports, cultural and water infrastructure. The legislation includes a price guarantee for consumers and allows for the transfer of employees. The Electricity Retained Interest Corporations Bill 2015 ensures that the State's interests are protected into the future.

The networks in New South Wales are currently 100 per cent State owned and comprise TransGrid, a transmission business with a regulated asset base of about \$6.1 billion and 12,800 kilometres of transmission lines; Ausgrid, a distribution business with 1.6 million customers, a regulated asset base of about \$14.4 billion and 41,000 kilometres of distribution lines; Endeavour Energy, a distribution business with 890,000 customers and a regulated asset base of \$5.3 billion and 34,500 kilometres of distribution lines; and Essential Energy, a distribution business with 800,000 customers, a regulated asset base of \$6.8 billion and 200,000 kilometres of distribution lines.

The State has also imposed four conditions on the partial privatisation, which are stated to be designed to promote public interest and address community concerns. These are that electricity network prices will be discounted by 1 per cent of regulated prices until 2019; the jobs of permanent award employees will be protected and treated consistently with previous transactions; there be no adverse impact on electricity reliability; and the regional presence of businesses will be maintained.

The lessees of 49 per cent of the poles and wires will be required to hold a licence. The licences will impose strict conditions on the electricity network businesses and protect the interests of the State and consumers. The licences aim to give the State control over the suitability and capability of the network operators and also require continued substantial operational presence in Australia and set conditions to manage business continuity and reliability, network performance and safety.

If this bill passes, it will allow for the largest shift in ownership since the Victorian Government sold off all that State's power assets in the mid-1990s. This topic has brought about a backlash from unions and the downfall of political parties. The Christian Democratic Party's concern lies with whether the Government will be responsible for putting profits before consumer interests, delivering higher prices, less reliable service and job cuts. The Christian Democratic Party's main aim is similar to that of ElectraNet—to deliver reliable electricity transmission services to customers at the lowest long-run cost but also to ensure electricity employment guarantees and protections are maintained.

The Electrical Trades Union and, in particular, Unions NSW secretary Mark Lennon, expressed great concerns surrounding employment guarantees and protections. The Christian Democratic Party is aware of this and the likely significant impact of the number and location of jobs following any privatisation transaction. The Electrical Trades Union represents approximately 20,000 electricians and power industry workers across New South Wales and the Australian Capital Territory.

In its submission to the inquiry on the leasing of electricity infrastructure, it expressed concerns about the negative impacts that may arise from privatisation, including the loss of recurrent income to the New South Wales budget; the impact on employment across metropolitan and regional locations, including future apprentice opportunities; the potential for higher consumer prices; a reduction in reliability and slower emergency response times; the loss of State control of an essential service and monopoly; the failure of

regulation and lack of accountability on the part of private owners; the loss of social and community benefits; the impact on future technology; and the purchase of strategic essential services by foreign governments or foreign corporations.

It further stated that the New South Wales electricity network businesses currently employ more than 14,500 workers across New South Wales—that is, approximately 5,116 at Ausgrid; 4,468 at Endeavour Energy; 3,979 at Essential Energy; and 1,074 at TransGrid. The breakdown between metropolitan and regional employees is approximately 60 per cent versus 40 per cent, with more than 750 apprentices currently employed by the four network businesses. The Christian Democratic Party has been working with Mark Lennon, representing Unions NSW, to ensure that this legislation provides salary and employment guarantees, leave provisions and continued recognition of services, protection for apprentices, cadets, trainees and graduate engineers, and fixed and contract employees.

The proceeds from the lease of poles and wires will enable the Government to unlock \$20 billion of capital to be reinvested in new infrastructure. Deloitte Access Economics examined the Rebuilding NSW plan and found that it will boost the economy by almost \$300 billion in just over 20 years. Rebuilding NSW will also generate more than 122,500 jobs by 2035-2036. In 2012 Infrastructure NSW identified an infrastructure backlog of \$31 billion. In response to this dilemma, Infrastructure NSW released its State Infrastructure Strategy and recommended that the projects include such things as \$8.9 billion for urban public transport to connect people to jobs and improve the existing network, including \$7 billion for Sydney Rapid Transit; \$2.4 billion for urban roads to address congestion and address growing population growth, including \$1.1 billion for the northern and southern extensions of WestConnex; \$4.1 billion for regional transport to improve the regional freight network and meet the needs of an increasing regional population; \$1 billion for water security, including in high-priority regional towns; \$1 billion for health to service an ageing population and adapt to new technologies; and \$1.5 billion to provide appropriate cultural sporting and tourism facilities.

Sydney is growing and, currently, congestion costs \$5 billion per annum. If nothing is done, the cost of congestion is expected to grow to \$8 billion annually by 2020. We must grasp opportunities that will disperse the urban pressures of Sydney. The Christian Democratic Party has worked with the Government to support many regional and rural projects. We support infrastructure projects such as NorthConnex and WestConnex to accommodate the future growth of Sydney. As a former regional mayor, I realise that outlying areas may miss out on the proceeds of this opportunity, such as Grafton, which desperately needs \$182 million for a new bridge. Dubbo Base Hospital requires an upgrade and the town is in need of a bridge to ensure that its hospital continues to operate when flooding occurs. In 2012 the Government was increasing the productivity of New South Wales with initiatives such as the Oallen Ford Bridge, which will open the south-western side of New South Wales to Port Kembla. Opportunities created from the lease of poles and wires will include the increased movement of freight, tourism benefits, and safe passage for Defence Force personnel who travel daily on the road to Canberra.

The Christian Democratic Party will not apologise for helping to make New South Wales number one. We supported the leasing of the ports to help stimulate our economy. Our triple-A credit rating was vulnerable at the time and in danger of being downgraded to double-A, which would have created a massive interest bill of approximately \$3.75 billion for New South Wales. The Christian Democratic Party is making another decision to stimulate our economy and enable it to provide infrastructure and job security, and help local government to balance available resources. The local government sector has a \$7.4 billion asset backlog across New South Wales. While the Government is not necessarily investing money to resolve that backlog, it is addressing the critical needs of regional areas. It is investing \$6 billion in regional New South Wales to build better bridges, roads and freight corridors to ensure safe passage between our towns and communities. There is no doubt that this is needed desperately and the release of \$20 billion will continue to create jobs for tomorrow.

The 2015 election was a referendum on whether to lease the electricity network. Signs were everywhere, suggesting that the privatisation bogeyman would catch us if we did not submit to the Opposition's agenda. The people of New South Wales made a choice on 28 March, just as the people of Queensland made theirs. Our result was different: The people of New South Wales have trusted this Government with a mandate to continue. It does not mean that a blank cheque will be signed. The Legislative Council is a house of review and Reverend the Hon. Fred Nile did a great job conducting the inquiry on the leasing of electricity infrastructure. The Christian Democratic Party committed to being a circuit-breaker to ensure the lease of poles and wires is the best thing for New South Wales, not only for today but also for the future. We know that approximately \$300 billion can be made from future productivity outcomes.

Reverend the Hon. Fred Nile has scrutinised the privatisation of the electricity industry through conducting the inquiry, and the Christian Democratic Party is confident that the inquiry has resulted in the right outcomes. One issue raised was the total loss of dividends. Obviously we will not lose all dividends because the Government will still have ownership. The Christian Democratic Party was also entitled to contest the propositions put forward by the Opposition. It is of the view that many of those propositions were answered throughout the inquiry, and Reverend the Hon. Fred Nile will speak about that issue later.

I thank the Hon. Walt Secord for acknowledging Reverend the Hon. Fred Nile's efforts and his commitment to the families and communities of New South Wales. Reverend the Hon. Fred Nile's great concern is ensuring that the people of this State have lower electricity prices in the long term. He has worked hard to protect the jobs of electricity workers, and he wants them to be treated fairly and equitably. Amendments designed to achieve that end will be circulated for members' consideration tomorrow. Of course, they will be in line with what has been requested by the stakeholders we have been representing—that is, the unions and others who have expressed concerns.

This legislation is not the result of a rush job; it has been in the making for well over 20 years. Many have tried and many have failed to ensure the passage of this type of legislation. We have had 16 years of Labor and four years of Liberal-Nationals governments proposing this policy to the House. For the sake of the people of New South Wales, I hope that the projected financial infrastructure injection that this legislation will provide will be a gift that keeps on giving. I commend the bills to the House.

The Hon. LYNDA VOLTZ [8.50 p.m.]: I assume that it will come as no surprise to members, particularly those who were in this place when the Labor Party was in government, to learn that, like my colleagues, I oppose the Electricity Network Assets (Authorised Transactions) Bill 2015 and the cognate Electricity Retained Interest Corporations Bill 2015. In the past I have spoken in opposition to my own party when it tried to privatise the State's electricity assets, and I stand by that opposition. It is not because the Labor Party believes all privatisation is bad per se. The Labor Party certainly does not believe that; it has privatised a number of assets. However, a significant question mark hovers over the implications of privatising monopolies, particularly monopoly utilities that provide essential services to the State.

We have not yet heard from a couple of members. I am interested to hear the Hon. Greg Pearce explain why Essential Energy was not part of this privatisation proposal. Nor did the Hon. Ben Franklin explain why Essential Energy was not included when he defended this privatisation. Perhaps that is how the Government arrived at 49 per cent. It might have achieved that by leaving Essential Energy off the list. It might have decided to do a con job and tell the people of this State that it intended to privatise only 49 per cent of the State-owned assets. The fact that 100 per cent of Essential Energy is being retained has not been raised. I await the Hon. Greg Pearce's contribution to the debate.

The privatisation of monopolies and utilities has raised problems in the past, and I suspect that it will continue to do so. Many economists believe governments have a vital role to play in utilities, particularly energy and water utilities. They are fundamentally important to our community and for our economic growth. Electricity transmission becomes more expensive the further away we get from urban centres, and the further electricity travels over wires the more energy it loses. It is said that economies of scale can be achieved in cities and that they experience a larger uptake of renewable energy technology. That is not necessarily true in rural and regional areas, and that is why governments have a role to play.

However, the more important question for the House to consider is one that seems to occupy the minds of members of the Liberal Party, but perhaps not members of The Nationals. I refer to the sale of the assets. Government members say constantly that they will raise \$20 billion from the sale of the State's electricity assets. The report of the Legislative Council Select Committee on the Leasing of Electricity Infrastructure contains a list of how the Government plans to spend that \$20 billion. The list surprisingly includes \$600 million for the upgrade of Allianz Stadium. I would like someone to explain why that is fundamentally important.

I point out to members opposite that they will not get \$20 billion from the sale of the State's electricity assets. A number of members have said that when an asset is sold the vendor must get the difference between the revenue stream and what the asset is worth. Anything more than that can be deemed a profit. There is no way the Government can have it both ways given the projections in the committee's report showing diminishing returns from dividends and tax equivalent payments. It cannot say that the returns are diminishing and at the same time the assets will be so attractive to overseas investors that they will spend \$20 billion.

Reverend the Hon. Fred Nile: The figure is \$13 billion.

The Hon. LYNDA VOLTZ: Reverend the Hon. Fred Nile says the figure is \$13 billion, but the Government's list covers \$20 billion worth of spending. I cannot understand how the Government expects to raise that much from the sale. A number of members have quoted Michael Egan's contribution to the hearings conducted by the Select Committee on the Leasing of Electricity Infrastructure. He said:

The Government was happy to convey the impression that by selling the poles and wires it would get a windfall of \$13 billion.

That is the source of that figure. He continued:

That, too, is wrong. To the extent that there is a windfall, and I believe there will be, it will be a fraction of the expected net sale price of \$13 billion. That is because the \$13 billion is not all new money plucked from a newly discovered money tree. Most of it will simply be the current value of the dividend stream that is to be sold off. In other words, the real windfall will simply be the difference between the sale price and the retention value. To the extent that any new public works expenditure exceeds that windfall or what is already funded in the budget, it will involve an additional cost that needs to be funded by cutting other expenditures, increasing debt or increasing taxes. You cannot sell income-earning assets and replace them with non-income-earning assets without leaving a budget hole that needs to be filled in one way or another.

That is the fundamental issue that the Labor Party has raised time and again. At the end of the day, these assets produce dividends, and they pay for the underlying recurrent costs in the budget. I am sure the Hon. Greg Pearce will agree that recurrent costs are a problem for State budgets. The Government has not explained why it is divesting itself of these assets for non-income earning assets. It is not as though an investment of \$600 million in Allianz Stadium will return funds to the State Government. We know there is already an oversupply of stadiums.

I want to know how the Government will fill the hole in the State budget that this proposal will create. The Hon. Ben Franklin said that the Government is selling these assets so it can provide services. It is a great leap from promising to build infrastructure to suggesting that the proceeds will provide services, particularly given that services have recently been cut in regional areas. I am sure that the people of Woy Woy, who are losing their Roads and Maritime Services office, do not believe they are getting additional services from this Government. The Government can build new schools—although it does not appear it intends to do so—but recurrent revenue is vital to ensure that they continue to operate.

Once we divest ourselves of monopoly assets such as utilities they are gone forever. In sales such as this I am always concerned about the infrastructure of utilities—for example, when Telstra was sold some members on this side of House argued that retail should have been sold off separately to infrastructure. Technology continues to change. The National Broadband Network has now been introduced and the Federal Government has had to invest billions of dollars to gain access to infrastructure that it previously owned but which is now in the private sector. If the Government had held on to those assets it would not have been necessary to go back to try to fix the problem.

In 50 years we might be asking ourselves why we did not hang on to this infrastructure that may not seem so important now. Why did we hand that infrastructure over to a monopoly when, as a provincial government, we no longer have the capacity to get the investment to do what we need to do to grow our economy? It is vital for the Government to continue to hold on to important assets such as wires and poles, electricity generation, and water supply. Labor does not have a carte blanche view on privatisation—some privatisations make sense—but we do not agree with the privatisation of utilities with recurrent revenues when assets may be vital in the future, particularly for those communities outside the metropolitan area. Indeed, The Nationals opposed the privatisation of Essential Energy because they well know that these assets should be held by government.

The Hon. GREG PEARCE [9.01 p.m.]: I support the Electricity Network Assets (Authorised Transactions) Bill 2015 and cognate Electricity Retained Interest Corporations Bill 2015, which will give effect to the central commitments this Government took to the 2015 election. There can be no doubt that in winning the election as decisively as we did the Government received an unequivocal mandate for the polls and wires proposals taken to the people. The foundation of that victory included four years of successful, competent and transparent government under Barry O'Farrell and then Mike Baird, leading to trust in the Liberal-Nationals Coalition and a continuing rejection of Labor.

There was an understanding of the Premier's proposal for a long-term lease of 49 per cent of the poles and wires network, excluding Essential Energy, and the investment of the proceeds in much-needed

infrastructure. However, opinion polls continued to show that as many as three-quarters of the people did not support privatisation of the electricity assets as a stand-alone proposal. It is understandable that the election did not diminish the noisy opposition to the electricity transactions and will not in itself convince the doubters in the community. Given that the proposal was announced with the budget in June last year, the Government is in a position to demand that its policies be implemented and to claim the endorsement of the people.

The conviction that assets such as the electricity assets—some refer to them as the crown jewels—be kept in public hands is felt deeply. Some argue that the electricity assets, particularly the major transmission assets such as water supply, represent essential services that should not be entrusted to the private sector, and definitely should not be entrusted to overseas owners. They point to the necessity of supply to consumers, particularly to the elderly and the needy. I am firmly in the camp of those who believe governments should not undertake risky businesses when the private sector can do so and that scarce government resources should be directed to public works and services that the private sector cannot or will not provide efficiently. I am committed to the process of asset recycling, which we commenced with the long-term lease of the desalination plant when I was the portfolio Minister for Sydney Water.

If there is any criticism of the proposals, it is that the transactions should be for 100 per cent of these assets. The formula that has been adopted—the 49 per cent and the long-term lease structure—regrettably reflects the need to camouflage these transactions because of the politics and ongoing opposition. It is contrary to the public interest to have reform emasculated to mollify the demands of vested interests led by unions and their allies. It is a pity that we could not apply the lessons from the gentrader transactions. I cannot see any long-term benefit in the structure, particularly if one accepts the notion that at the end of the 99 years the assets will be returned to the public at no cost. In my view the proposition can be tested by asking a simple question: Assuming these assets were presently in the hands of the private sector and the owners decided, perhaps because they wished to diversify their investments, to sell down 49 per cent, would the State Government, or indeed any responsible and competent government, spend the \$10 billion or more to acquire that 49 per cent? I am certain the answer is that no competent government would do so.

The Government has strenuously argued there is a public benefit in the proposal that consumers may expect lower electricity prices, or at least slow the increase in prices, if the assets are leased and privately managed. Much of the argument has been based on the expert report by Ernest & Young, which concluded that the privately owned assets in South Australia and Victoria performed better than the New South Wales Government assets. However, many in the community remain sceptical about these claims, and even a close examination of the Ernest & Young report demonstrates how limited the evidence is. The report notes that many factors influence prices and that the South Australian and Victorian assets, which are in private hands, have benefited from being at a different point in the asset renewal cycle. New South Wales networks have seen very significant investment over the past five to eight years, whereas South Australia and Victoria have not. In addition, the geography of South Australia, with a significant proportion of its assets located in a relatively small geographic area around Adelaide, and the geography in Victoria, with a much more compact system based around Melbourne and a few regional cities, have different investment requirements to New South Wales.

More compelling is the evidence that the New South Wales companies have been allowed expenditure funded by consumers based on gold plating the infrastructure, excessive and overly generous staffing, and unproductive work practices, as well as a culture of waste. The Australian Energy Regulator's determination of future pricing for New South Wales network companies, if implemented, will produce significant price reductions—around an average of 10 per cent—which would be achieved by very significant reductions of around 35 per cent in allowable operating and capital expenditure of the network companies. If members are interested in the detail I suggest that they look at the Australian Energy Regulator's submission of 22 May 2015 to the inquiry chaired by Reverend the Hon. Fred Nile.

The Australian Energy Regulator's process has been mischievously used by opponents who have claimed that the resistance of Networks NSW is in some way an attempt by the Government to fatten profits and thus obtain a better price for the long-term leases. That argument is fallacious and misrepresents the dynamics of the network companies. In fact, any acquirer of the network businesses well knows that it will have a very significant medium-term task in cutting out inefficiencies and waste as well as changing the culture of the organisations to make them competitive in the longer term—the private sector will be applauding the extent to which the Government can do this prior to the leasing transaction. However, it is understandable that the management of Networks NSW wishes to proceed on a cautious basis to transition the businesses, as massively reducing its costs will mean reducing employee numbers.

Significant savings have been made already through the Government's networks reform, which began in the O'Farrell Government when I was Minister for Finance and Services. These savings have been achieved by combining the management and back offices of the three network companies, eliminating some of the worst work practices excesses, and the reprioritisation of capital expenditure. It is to be hoped that the long-term lease structure does not reverse these reforms, particularly as Essential Energy management and back offices will effectively have to be reinstated. Another important issue that has attracted discussion is the proposition, primarily put forward by voodoo economists, that the asset transaction does not make sense because of the rich dividends that have flown to the Government that they say could be used to fund infrastructure in the future. This issue needs to be explained better. There is no magic pudding that creates the dividends. The dividends are effectively a tax on electricity consumers.

The Hon. Dr Peter Phelps: A regressive tax.

The Hon. GREG PEARCE: Exactly. This tax includes distortions because residential customers, representing more than 80 per cent of consumers, generally do not have the capacity to negotiate their bills whereas most business consumers do. The tax is further distorted because it is levied on some of the most needy in the community—on whom the Government then has to routinely spend hundreds of millions of dollars to provide rebates. In other words, it is a ludicrous round robin. Further, the dividends are a great temptation to governments of all persuasions and it is not uncommon to see governments siphoning off dividends. This might explain why the debate became focused on an inflated dividend number of \$1.7 billion, when the longer-term prospects for dividends are nothing like this.

Whilst Essential Energy is to be retained, it will not be a cash cow given the significant revenue reductions required by the Australian Energy Regulator, which will mean the pain of regional job cuts for the Government, and the fact that the assets of the network companies generally have an effective life of 20 or 30 years or so. In the case of Essential Energy, many of the assets are older and in the shorter term will have to be renewed across the very broad geographic area of its operations. Clearly the retirement of the network borrowings, which total about \$20 billion, and the interest rate savings that will flow to customers also make a major difference. However, the impact of retaining the State's interest in a future fund also needs further elaboration. Also, the case for a massive injection of infrastructure funding needs to be made, further explained and understood in the community. I think a great start was made in the material the Government put out leading up to the election.

I have one final point to make in favour of private ownership and management—that is, the private sector is more likely to be able to better manage demand through innovation and technology and more likely to put the time and effort into the development of new technologies, particularly better batteries and the like, than the public sector. This capacity will be vital in a new environment where regulators, providers and customers recognise that efficient investment is needed to meet growth in demand—and not a repeat of the huge investment of more than \$40 billion in capital outlays by the networks from 2007 to 2013 to meet peak demand and absolute reliability. I commend these bills to the House.

The Hon. DANIEL MOOKHEY [9.11 p.m.]: The Electricity Network Assets (Authorised Transactions) Bill 2015 and the cognate Electricity Retained Interest Corporations Bill 2015 presume that the businesses that trade under the names Ausgrid, Essential Energy and TransGrid are akin to the Plymouth Roadking car. Once it was the totem of modernism, a symbol of social progress, and an example of the abundance and plenty available in middle-class democracy. Now it is quaint and its very antiquity a source of embarrassment to its owner. This is the attitude the Baird Government has towards this State's transmission and distribution networks.

Like the Plymouth Roadking car, these networks were built in the 1930s. In the eyes of this Government, they have become the lead weighing down the public's balance sheet, and their mission to provide equity in the energy market is complete. These networks are now merely assets to be liquidated to fund the flights of infrastructure fancy of this Premier, the Treasurer and whoever else dazzles the Government with a slick presentation redolent with 3D animation and a shiny prospectus. The Government protests that these bills do not provide for a sale; they only enable a lease. It claims that this lease will have no deleterious effects.

But there is a simple fact that the Government denies: The transmission and distribution assets hitherto owned by the people of New South Wales that these bills will sell are monopoly assets. Their tremendous scale is their insulation from the disciplines of market competition—meaning they alone are left to decide who receives power as well as the time and price at which people receive it. They alone decide whether the network

receives investment, and they decide from whom the cost of that investment is recovered. It is this power that makes these networks a unique class of business with unique power over every New South Wales household and every New South Wales business.

If this bill passes, this power will escape the taming influence of democracy. That influence will be at the mercy of a private monopoly that will have unprecedented powers to decide how the people of this State will be treated in the energy market. This is the argument that has been made so eloquently by all my fellow Labor colleagues in discussing the effects private monopolies have had on our energy in the past and why those effects will return if these bills receive this Chamber's sanction. The question to which I turn is what effect an untamed monopoly will have on our energy future.

Will a monopolist decide which power generation technology will receive technical permission to join the grid? Will a monopolist decide the speed at which those technologies, which threaten their monopoly, will be permitted to spread? Will a monopolist decide whether the cost of the transition to these technologies is shared fairly? Or will the alternative prevail—that is, will price be used to contain the spread of new technologies not to amplify them? All these questions allude to questions about market design. They make those allusions because rather than these bills providing a schematic to steer energy markets through the disruption that is resulting from the explosion of renewable energy they instead provide only for an abdication.

These bills abdicate their responsibility to decide how power distributors will treat the newest class of power generators—the people who have put solar panels on their roofs. These bills abdicate their responsibility to use this moment to update Australia's energy laws so that the pace of disruption in our power markets is not settled merely by reference to which market factor has the most power, but instead subordinates the interests of all the players in the energy market to the public's interest. If this Parliament proceeds to pass these bills with these questions unanswered then this Parliament is adopting a market design for our energy market already known to have failed. It is the market design that prevailed between 1997 and 2010 in the telecommunications industry.

The design stemmed from the Howard Government's preference for a high sale price rather than the higher principle of structural separation and market regulation. The design left it to a private monopoly called Telstra to decide the pace of technological change—when Australia would receive broadband and whether it would be fibre to the home or fibre to the node. The design ceded the first-mover advantage available for whoever organised the uptake of these new technologies the fastest to countries like South Korea and Finland. They then built competitive and comparative advantages by being the first to trigger the effect of agglomeration in cities like Seoul and Helsinki. The design left it to a future Parliament and a future government to clean up the consequences of their abdication.

Energy markets today are akin to the telecommunications market of a decade ago. Like the telecommunications industry, the dominant business model is being disrupted by the emergence of new technology, new players and new interests. The business model being threatened in the energy market is the business model where power is carried from the point of electricity production, a power station, to the point of electricity consumption—a home, business, library or other public places. The power stations that generated electricity in this model were, and still are, big businesses. The transmission and distribution networks that pipe the power they produce to 9.5 million households on the eastern seaboard were, and are, also big businesses. Both reflected the flavour of the industrial age that efficiency resulted from economies of scale and that obtaining that scale required high levels of capital investment—prohibitively high levels of capital investment so high that the natural condition that results is a monopoly.

Having economies of scale is no longer the core concept of new entrants to the energy market. Now the proximity between the point of production and the point of consumption for many is the distance between their roofs and their living rooms. Since 2008 more than 280,000 solar photovoltaic systems have been installed on the roofs of homes in New South Wales. Nationwide approximately 1.4 million systems are now in operation. These systems constitute the greatest investment in electricity-creating capacity in a generation. The power they create is clean and green and, most importantly, communal—because the arrival of what is termed "distributive energy" is reflective of a social design.

People are coming together to pool their power. Farmers are forming co-ops to share risk. Apartment buildings are making a collective choice to go down the path of clean energy. Indeed, distributed energy marks

the revival of a movement long considered extinct—the cooperative movement. After all, collaborative consumption is simply the latest form of cooperation. And it is a threatening form: so threatening that the energy market is in flux, with a political contest as furious as the contest joined by legendary Speaker of the United States House of Representatives Sam Rayburn to establish the Tennessee Valley Authority; as furious as the fight Lyndon Johnson had to wage to have the Tennessee Valley Authority connect the Texas hill country to the Texan power grid.

This contest is furious because over the next 10 years whoever owns the grid will be making decisions with an impact. If an unfettered privately owned monopolist is making these decisions then an unfettered privately owned monopolist will decide which technologies—solar, wind, natural gas or biomass—can connect to the grid as well as the price they will pay for their connection. An unfettered privately owned monopolist will decide the price paid for a person's surplus power, and how often they will be paid this price. An unfettered privately owned monopolist will decide the energy market's response to the earth-shaking revolution in battery technology, and whether it will be priced to encourage uptake or it will be priced out of the market. An unfettered privately owned monopolist will have the power to decide whether a rival business model is allowed to survive, let alone thrive.

No member should delude themselves about the stance of these bills on those questions: The bills are silent. The bills provide little of the fetters that ordinarily apply to privately owned monopolies: no separate provision of a third-party access regime that would let competitors access the transmission networks; no attempt to update the mandates of the Australian Energy Regulator in supervising the energy market to require the AER to provide annual adjustments in consumption forecasts, forecasts that determine the level of cost recovery for the level of capital spending or require the AER to account for the rise of solar-generating capacity in forecasting peak demand and subject the choice, pace and speed of technology uptake to a public interest test. If these bills had provided for more than a mere disposal of assets or if the bills gave effect to a new market design, they would be much improved bills. They would have placed New South Wales at the forefront of the clean energy revolution.

If members seek an example of a jurisdiction that has gotten the regulatory model right then I point them to Hawaii. Hawaii now leads the United States in energy transformation. The Aloha state has experienced explosive growth in solar power, from 0.8 per cent of the renewable energy sector in 2007 to 29 per cent in 2014, with 53,409 systems providing 392.8 megawatt hours per annum. The reason is that Hawaii has a structurally separated power industry. The generator is different from the transmission networks, and the transmission network, by law, is required to be independent and answerable to a regulator on the questions I have just asked. The network is mandated to make access to its networks available to all selling power—renewable and non-renewable alike.

The Hon. Dr Peter Phelps: Is it government owned?

The Hon. DANIEL MOOKHEY: Yes, it is. Hawaii is an example of a state getting it right, but if these bills pass, New South Wales will get it wrong. They will lock our energy markets into a dying past, rather than positioning them to embrace an exciting future. They will leave individuals who are self-organising to meet their own power needs to the mercy of a monopoly, with no independent umpire to mediate and settle their points of conflict. The self-interest of a monopolist to check the advance of an alternative business model that renders the monopolist redundant will triumph over the common interest we all have to provide real competition in our energy markets. This Parliament should say no to this reality. We should reject these bills.

Reverend the Hon. FRED NILE [9.22 p.m.]: On behalf of the Christian Democratic Party I speak in support of the Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015. I was pleased that my proposal for a select committee of this House to conduct an inquiry into the matter was successful. As members know, I tabled the report of the committee today in the upper House and in due course members will have the opportunity to debate the report. I believe the leasing of the electricity infrastructure will not have any negative impact on electricity prices, safety or reliability. In fact, I believe that electricity network and retail prices will fall, as has occurred in other States.

However, to ensure that consumers continue to be protected in the long term, I support the proposition that the powers of the Electricity Price Commissioner be reviewed within 12 months of the completion of the lease transactions. If that is not proposed by the Government, I will move that as an amendment. I also support

that the key report by Deloitte Access Economics relied on by the Government in promoting the benefits of the proposed lease be independently reviewed prior to the enactment of enabling legislation. If the Government does not move that amendment, I will move it tomorrow.

While the electricity industry is facing a challenging time, largely as a result of the Australian Energy Regulator's recent determination and its impact on jobs, it is clear that workers are worried about how they will be affected. Therefore, I intend to move strong employment protection guarantees in a series of amendments, such as: to protect for at least five years continued employment with the new employer; transferrable accrued employee entitlements, including annual, long-service and sick leave; recognition of prior service; and a sufficient number of apprenticeship opportunities. Overall, I believe the Government's implementation of its lease proposals will be of benefit to the people of this State and in the best interests of the State, taking into account the State's fiscal position, the need to maintain a triple-A credit rating and the economic benefits arising from significant investment in infrastructure.

This issue has been alive in the upper House for nearly 20 years, with most of the propositions for privatisation of electricity assets moved by the Labor Party in government. In fact, the idea of selling electricity assets has been in the political arena since 1997, when then Labor Party Treasurer, the Hon. Michael Egan, AO, released a discussion paper proposing the sale of the State's generators, transmission, distribution and retail electricity assets. As members know, this transaction did not proceed. Former Treasurer Egan agreed to be a witness to our inquiry so we could get the views of a prominent member of the Labor Party who supported similar propositions when in power. I tried to get other prominent Labor Party members, such as Michael Costa, to attend as witnesses, but Mr Costa was unable to attend.

In his evidence Mr Egan was very strong in his criticism of both the Labor and Liberal parties, but he admitted he had supported power privatisation since the 1990s. He told the inquiry that Labor was wrong to suggest that power prices would skyrocket if the Government went ahead with plans to lease 49 per cent of the State's poles and wires to the private sector for 99 years. He also stated leasing the State's electricity businesses would mean billions of dollars could be invested upfront to improve the quality of life of every person in this State, and that is what governments are elected to do. The Hon. Walt Secord had a lot to say about me in his contribution so it is only fair that I draw to his attention the views of some prominent Labor leaders in regard to the privatisation of the State's electricity assets.

I also noted that in 2011 Premier Barry O'Farrell said he expected to respond to an inquiry recommending further privatisation of the power sector by the end of that year. Mr O'Farrell appointed Justice Brian Tamberlin to examine the sell-off and consider future actions to promote competitive electricity prices. Justice Tamberlin made a number of recommendations, including that the government offer all New South Wales electricity generators for sale or long-term lease. This issue has been before both Houses of Parliament for nearly 20 years. I am pleased that tonight the second reading debate will come to an end in a positive way and tomorrow we will conclude our dealings with these bills in Committee.

During that 20-year period, New South Wales Premier Morris Iemma also attempted to privatise the State's electricity industry, which he described as "the most important microeconomic reform in this State in decades." Obviously, he had the support of then Treasurer Michael Costa as they pushed for the sale. Interestingly, while it was being debated Labor Prime Minister Kevin Rudd gave his full support for the privatisation and New South Wales Leader of the Opposition Barry O'Farrell initially strongly supported the privatisation in his 2007 budget reply speech.

As a member of the upper House at that time, I thought that we were at last getting to the end of the debate. The Labor Government was moving for the leasing and the Liberal Opposition said it would support it. The legislation should have been passed but in the meantime the Coalition made a number of requests of Labor Premier Iemma saying that they were supportive but they wanted inquiries and they wanted the Auditor-General to conduct an investigation. I realise now that much of that was a delay tactic. On the day the bill was introduced and we assumed it would pass the Liberal Party announced that it would not support the legislation. That was a great shock to Michael Costa. He almost could not believe it because he had been led to understand that the Opposition would support his legislation.

Crossbench members were going to vote for the legislation and we thought that the matter would be finalised. It was a great shock when Mr O'Farrell reversed the Liberal Party position without warning. Only he knows why he did that, but a suggestion was made that the Liberal Party thought that the Labor Party should not get all the political benefit of the privatisation and so they decided to sabotage the Labor proposition and do it themselves at a later date. Perhaps that is what has happened tonight. For the information of the Hon. Walt

Secord, who is not in the House, the latest person to make some important points about the privatisation was none other than Leader of the Opposition Luke Foley, whom we all know so well. Luke Foley, who transferred from this House to the other place, has on his website these words:

The Party I lead will be a party of solutions, and never a mere Party of protest.

I bring to this job ideas, energy and, above all, my Labor values.

Those values are timeless:

- A fair go for all;
- A decent life for everyone; and
- A helping hand to those most in need.

I acknowledge his courage in declaring in a recent interview that he will not go in for a fake consensus with trade unions and for saying that it was time the party moved on from its obsessive focus on electricity privatisation. In that interview Luke Foley went on to stress that he had the greatest respect for the role of unions within the Australian Labor Party but highlighted his disagreement with the Electrical Trades Union over job cuts to electricity network businesses following the latest determination of the Australian Energy Regulator. We know what that meant. Mr Foley went on to say, "I will not go for a fake consensus ... Where, as in the case of the AER determination, the wider public interest conflicts with the relevant union interest, I'll plonk for the public interest." I mention that particularly for the benefit of the Hon. Walt Secord and the Hon. Lynda Voltz. The article I am reading goes on to state:

Mr Foley said following the March election, Labor needed to accept that the "electricity privatisation war is lost". Labor would continue to vote against the Baird government's privatisation legislation in Parliament. "But we then have to move on from an obsessive focus on this issue," he said.

Mr Foley said there was "a whole host of other issues and debates that are important for the future of our state. The debate around power privatisation has gone on for the best part of 20 years now. And it's been settled."

It is being settled tonight. During our inquiry we noted the benefits that will come from the electricity asset leasing, such as \$8.9 billion for urban public transport to connect people to jobs and improve the existing network. That includes \$7 billion for the Sydney Rapid Transit. It also includes \$2.4 billion for urban roads to address congestion and increased population growth, of which \$1.1 billion is for the WestConnex northern and southern extensions. In addition, it includes \$4.1 billion for regional transport—I emphasise regional transport—to improve the regional freight network and meet the needs of a growing regional population. There is \$1 billion for water security including in high priority regional towns and \$1 billion for health to service an ageing population and adapt to new technologies. There is also \$1.5 billion to provide appropriate cultural sporting and tourist facilities.

At page 22 of the committee report those amounts are broken down into their components. For example, the urban public transport sector amount is composed of \$7 billion for the Sydney Rapid Transit, \$1 billion for Sydney's Rail Future 2 Upgrades, \$600 million for the Parramatta Light Rail and \$300 million for a bus rapid transit system and bus priority infrastructure. The urban roads sector allocation is made up of \$1.1 billion for the WestConnex northern and southern extension and the Western Harbour Tunnel, \$400 million for smart motorways, \$300 million for the Gateway to the South Project and \$200 million for traffic management upgrades.

Other items outlined in the table on page 22 of the report include \$2 billion for the Regional Road Freight Corridor Program, \$1 billion for the Regional Growth Roads Program, \$500 million for the Fixing Country Roads project for The Nationals, \$400 million for the Fixing Country Rail project and \$200 million for Bridges for the Bush. The table also includes \$1 billion for the Regional Water Security and Supply Fund, \$700 million for the Future Focused Schools program, \$300 million for the Regional Schools Renewal program, \$600 million for the Hospitals Growth Program, \$300 million for regional multipurpose facilities, \$100 million for the Care Co-location Program, \$600 million for culture and arts, \$600 million for sports stadia, \$300 million for the Regional Environment and Tourist Fund and \$100 million for corridor identification and reservation. I could go on.

The question is: Are members of the House going to vote against each of those propositions? That is what the Labor Party will do tonight. It will vote no for each of those propositions. I am sure the people of the western suburbs and elsewhere will be interested to see how Labor members vote on these bills. The Christian Democratic Party will vote for these bills and I hope the Labor Party will follow Luke Foley's lead.

The Hon. DUNCAN GAY (Minister for Roads, Maritime and Freight, and Vice-President of the Executive Council [9.39 p.m.], in reply: I thank all members who contributed to debate on the Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015 and I thank them for the vigour with which they delivered their individual contributions. Reverend the Hon. Fred Nile, in his contribution, summed it up and cut a hole through this debate, the like of which has not been seen all week. Somewhere in the debate weird logic appeared that the Government did not have a mandate and the Opposition did. Labor lost the election and the Coalition won, yet Labor had a mandate to oppose these bills. It is a strange and weird science.

Mr Scot MacDonald: Point of order: I cannot hear the pearls of wisdom of the Minister.

The Hon. Adam Searle: To the point of order: Mr Scot MacDonald should not be deploying irony.

Mr Jeremy Buckingham: Pearls before swine.

The PRESIDENT: Order! I thank members for their contribution. The Minister has the call. Members will confine their interjecting to a bare minimum, given the stage reached in the evening.

The Hon. DUNCAN GAY: Increasingly I admire Mr Scot MacDonald and the contribution he is making to this House. As indicated by a member on the crossbench, pearls before swine—but perhaps not. I was making the point that the Opposition employed some sort of weird science to indicate that Labor had a mandate to oppose this legislation because Labor lost the election.

The Hon. Sophie Cotsis: But The Nationals—

The Hon. DUNCAN GAY: The Hon. Sophie Cotsis had her opportunity to speak earlier. I do not understand Labor's weird logic. The Coalition went out with an honest proposal to the people of New South Wales.

The Hon. Sophie Cotsis: Ha, ha.

The Hon. DUNCAN GAY: The Hon. Sophie Cotsis would laugh at that because she does not know about honest proposals. Her Opposition went with a proposal to support light rail. Where is it?

The Hon. Adam Searle: Point of order—

The PRESIDENT: Order! The Minister will resume his seat. I call the Hon. Sophie Cotsis to order for the first time.

The Hon. Adam Searle: If the Minister wishes to reflect on a member of the House, he should do so by way of substantive motion, not by way of gesture and responding to interjections.

The PRESIDENT: Order! There is no point of order. The Leader of the Opposition will resume his seat. The Minister is well advised to ignore interjections from the Opposition.

The Hon. DUNCAN GAY: Honesty in government is something that the Opposition does not understand. The Coalition went with a hard proposal to the people of New South Wales. We were up-front about it and we probably took a couple of hits along the way. Labor says it has a mandate because it had a swing. We more honestly have a mandate from the people of New South Wales because we went to the election with a proposal. According to the logic of the Labor Party, the Coalition should not have said anything and sneak up on the people of the State in the same way that Labor has over the years and, in the same way as Labor, adopt whatever policy it takes. But that is not the way of this Government. We put a proposal to the people for the good of the State to fix the 16 years of neglect that has existed in New South Wales.

The bills follow decades of debate on the issue. The Electricity Network Assets (Authorised Transactions) Bill 2015 and the Electricity Retained Interest Corporations Bill 2015 are the enactment of a policy that has been through the most robust debates and forensic examinations of any policy, including throughout the election campaign and a very deceitful dog whistle campaign. The last 12 months included the release of very clear and detailed information about how the 49 per cent to be leased will be determined across TransGrid, Ausgrid, Endeavour Energy and Essential Energy, with Essential Energy remaining 100 per cent in

government hands. The 49 per cent has been calculated based on the forecast closing regulatory asset base of the businesses on 30 June 2015, as set out in the final determination of the Australian Energy Regulator, which was published on 30 April 2015.

Perhaps unsurprisingly, much of the Opposition's criticism of this bill throughout the debate has been based on misleading information. It is incredible that a party that oversaw in government electricity prices increase 60 per cent in five years would have the hide to pontificate on the issue of electricity prices, but that is the Labor Party for you. As Labor knows, the Australian Energy Regulator will continue to regulate prices, regardless of whether the assets are government or privately operated. Leasing the network businesses will put further downward pressure on electricity network prices. The cases of South Australia and Victoria are real world examples of this. In addition to this compelling evidence and supportive comments from the likes of the Australian Competition and Consumer Commission chairman, Rod Sims, the successful bidder for the network leases will be required to sign a price guarantee that total network prices will be lower in 2019 than they were in 2014.

Central to that commitment is the appointment of Professor Allan Fels as the Electricity Price Commissioner, who will report to the Government to confirm that the long-term lease will not put upward pressure on prices. Without the sign-off of Professor Fels, the transactions will not go ahead. There has been much debate and commentary around dividends and tax equivalent payments generated by the network businesses. I welcome this opportunity to reiterate the facts of this matter. Historically, dividends and taxes—collectively, distributions from the businesses—have varied significantly. The Labor Party's claim of a loss of dividends that the Government will lose as a result of leasing 49 per cent of the network is completely misleading. On many occasions Labor did not indicate that only half of the electricity assets were being released. Its actuarial data indicated that the whole lot was being leased and that is what Opposition members said we would lose.

As the Government has stated many times, supported by publicly available data, the current income stream from the network businesses is far from guaranteed and is currently declining. The legislation and licences will impose strict conditions on electricity network businesses and protect the interests of the State and consumers. The Electricity Retained Interest Corporation [ERIC] legislation mandates the board to protect "the value of the State of that part of the retained interest and seeking to maximise returns to the State from that part of the retained interest". This is the entire purpose of the Electricity Retained Interest Corporations Bill. Through this transaction and beyond, the State's interests are protected in a number of ways: through the ERIC legislation, which will house the State's retained interest; through its board where members are appointed by the Treasurer and future appointees are subject to the Treasurer's approval; and through the future rights of the State's interest in the operational companies. This will include veto powers over specified financial decisions and board membership requirements that represent the State's interests.

The lessees of 49 per cent of the poles and wires also will be required to hold a licence. The licences will impose strict conditions on electricity network businesses and protect the interests of the State and consumers. The licences will give the State control over the suitability and capability of the network operators, require a continued substantial operational presence in Australia, and set conditions to manage business continuity, reliability, network performance and safety. The Independent Pricing and Regulatory tribunal will be empowered to ensure compliance with all licence conditions, including safety and reliability standards. It will appoint inspectors for electrical installations and equipment and investigate any serious electricity network accidents.

The energy Minister will also be given new step-in rights should a breach of licence or electricity regulatory obligation threaten the safe, secure or reliable supply of electricity in the State. In summary, the analysis by Deloitte Access Economics shows that the Rebuilding NSW plan will boost the State's economy by almost \$300 billion and deliver an additional 122,000 full-time jobs by 2035. We will lease the use of only 49 per cent of poles and wires to the private sector. They will pay us rent and they will pay it in advance. This means we can spend \$20 billion on building new assets which will be owned by the people of this State.

The State will still own the poles and wires and will get them back at the end of the lease. But we will build new assets for the State—and not, like The Greens, rely on rock crystal and chook entrails—which will be owned by the people of the State. That means new roads, rail, hospitals and schools and vital water infrastructure in our regions, which will all be new assets owned by the State. All these electricity assets remain in public ownership but the people of New South Wales will get the new infrastructure the State needs to make our community, our regions and our cities stronger. Today is an historic day for the State. I commend the bills to the House.

Question—That these bills be now read a second time—put.

The House divided.

Ayes, 19

Mr Ajaka	Mr Gay	Reverend Nile
Mr Amato	Mr Green	Mr Pearce
Mr Blair	Mr Khan	Mrs Taylor
Mr Colless	Mr MacDonald	
Ms Cusack	Mrs Maclaren-Jones	<i>Tellers,</i>
Mr Farlow	Mr Mallard	Mr Franklin
Mr Gallacher	Mrs Mitchell	Dr Phelps

Noes, 18

Ms Barham	Dr Kaye	Mr Shoebridge
Mr Borsak	Mr Mookhey	Mr Veitch
Mr Brown	Mr Pearson	
Mr Buckingham	Mr Primrose	
Ms Cotsis	Mr Searle	<i>Tellers,</i>
Dr Faruqi	Mr Secord	Mr Donnelly
Mrs Houssos	Ms Sharpe	Mr Moselmane

Pairs

Mr Clarke	Ms Voltz
Mr Mason-Cox	Mr Wong

Question resolved in the affirmative.

Motion agreed to.

Bills read a second time.

Consideration in Committee set down as an order of the day for a future day.

LEGAL PROFESSION UNIFORM LAW APPLICATION LEGISLATION AMENDMENT BILL 2015

STATUTE LAW (MISCELLANEOUS PROVISIONS) BILL 2015

Bills received from the Legislative Assembly.

Leave granted for procedural matters to be dealt with on one motion without formality.

Motion by the Hon. Duncan Gay agreed to:

That the bills be read a first time and printed, standing orders be suspended on contingent notice for remaining stages and the second readings of the bills be set down as orders of the day for a future day.

Bills read a first time and ordered to be printed.

Second readings set down as orders of the day for a future day.

ADJOURNMENT

The Hon. DUNCAN GAY (Minister for Roads, Maritime and Freight, and Vice-President of the Executive Council [10.00 p.m.]: I move:

That this House do now adjourn.

JAMES HARDIE AND ASBESTOS-RELATED DISEASES LIABILITY

Mr SCOT MacDONALD (Parliamentary Secretary) [10.00 p.m.]: Tonight I refer to Scyon stria cladding, Scyon matrix cladding, Linea weatherboard, panel clad sheeting, HardiePlank weatherboard, HardieTex blue board, Easylap panel, ARChitectural Invibepanel, HardiePanel compressed sheeting—

Mr Jeremy Buckingham: Point of order: It is against standing orders to speak in a foreign language in this Chamber.

The DEPUTY-PRESIDENT (The Hon. Trevor Khan): Order! That is not a point of order. I call Mr Jeremy Buckingham to order for the first time.

Mr SCOT MacDONALD: —HardieBreak thermal strips and even Artista columns. These and many other wondrous products are part of the Australian building lexicon and they are all made by James Hardie Industries. James Hardie is Australian Stock Exchange [ASX] listed. The James Hardie group of companies is currently benefiting from a significantly improved construction sector. The Minister for Planning, Rob Stokes, put out a media release yesterday pointing out that New South Wales has achieved the highest housing approvals in 20 years. United States housing starts are expected to reach nearly one million per annum after recovering from global financial crisis lows of 554,000 per annum.

In November 2014 James Hardie reported its second quarter F-15. Group net sales had increased 12 per cent and group adjusted net operating profit increased 16 per cent or 7 per cent for the half year. A first half ordinary dividend of US8¢ per security was announced. In spite of some uncertainties around the United States housing recovery, the FY 2015 guidance was an operating profit of between \$US205 million and \$US235 million. It may then surprise the community that the New South Wales Government—and New South Wales taxpayers—is putting its hands in its pockets to advance a loan to the body that covers payouts to James Hardie asbestos victims. That shortfall is reportedly more than \$100 million this year. This has happened before and James Hardie has repaid government loans. It is commendable that the State Government has given victims the assurance that settlements will be honoured and paid in a timely manner.

Governments at a State and Federal level have led the way in ensuring a viable asbestos scheme to compensate victims. I acknowledge Greg Combet and the Carr Government for leading the response to this issue. This liability will be with us for decades but the scheme is not serving the taxpayers of this State fairly. It is reassuring the claimants are not exposed to risk, but it is not right that the State is the lender for a scheme with variable funding and liquidity. There is some speculation that the fund will be exhausted by 2017.

Any reading of the asbestos history and agreements with James Hardie highlights its complexity. The challenge was to arrive at a funding model that would be sustainable, meet liabilities and ensure James Hardie remained a commercial enterprise that continued to be attractive to investors. The complexity has been exacerbated by the global financial crisis and its severe impact on the housing market in the United States of America, the changing cost of capital, an uncertain long-term tail liability, and a changing pattern of claimants and settlements.

It is important that the funding model is fit for purpose. The latest actuarial estimate by KPMG puts the liability over \$2 billion. If as some forecasts have it the fund is exhausted by 2017, and given the income is currently capped at 35 per cent of free operating cash flow from James Hardie, there is a serious problem for the State and Federal governments. In my view top-up loans by government are not tenable over the medium to long term. This debt facility is being diverted from the core functions of government and exposes the State and Commonwealth to unacceptable risk. It is evidence that the funding calculation is flawed. It needs to be reviewed to give confidence to all stakeholders, victims, their families, James Hardie, investors, State and Federal governments and the wider community.

James Hardie needs to assume responsibility for the scheme, including its long tail. This liability should be on James Hardie's balance sheet. The Asbestos Injuries Compensation Fund that was formed in 2007 served a purpose. The demonstrably bold and effective leadership by Greg Combet brought James Hardie to the table and gave victims financial comfort. It is now time to reconstruct the Asbestos Injuries Compensation Fund and for James Hardie to assume its rightful responsibility. James Hardie investors are aware of its role and responsibility in compensating victims and they are cognisant of its uncertain and long tail liability, as these issues are explained on its website.

But there is too much disconnect between its financial management including its capital structuring to ensure that adequate and timely funds are available for settlements. It is a decade since the passing of the James Hardie Former Subsidiaries Act 2005 which essentially restrained James Hardie from arranging its affairs to avoid asbestos disease-related liabilities. It is time once more to bring James Hardie to the table to ensure that those liabilities are directly assigned to the company. [*Time expired.*]

COMMUNITY TRANSPORT

The Hon. WALT SECORD (Deputy Leader of the Opposition) [10.05 p.m.]: As shadow Minister for Health I refer to the Abbott Government's decision to significantly increase community transport fees. These price hikes, which will be effective from 1 July, are being introduced by the Assistant Minister for Social Services, Senator Mitch Fifield, and will seriously affect older citizens in New South Wales, in particular, those seeking important medical treatment such as trips to the general practitioner, oncology, dialysis or other rehabilitation services. Currently, Transport for NSW allocates Home and Community Care [HACC] funding to assist with the delivery of community transport services to eligible clients under 65 years of age.

But in 2012 the Federal Government assumed responsibility for HACC services for people over the age of 65. So the burden of these changes will fall not just on the infirm but also on the elderly. It is another measure by the Abbott Government that hits our weakest the hardest. These are federally driven changes. In response to this what have the Premier, the Minister for Family and Community Services, the Minister for Ageing and the health Minister had to say? What voice have they offered up in defence of older citizens in New South Wales? They have offered nothing and have been silent on this issue. Our seniors who fought for and built New South Wales deserve State and Federal governments that will fight for them. But, sadly, the Abbott Government views our elderly as a cost and a burden, not as an investment or a celebration of longevity and wisdom.

On Saturday 30 May I met two aged pensioners in Balmain, Ms Wendy Smith and Ms Marie Williams, who are 74 and 80 or more respectively and I heard how transport fee increases will affect them. They are both frequent users of the Marrickville-Leichhardt Community Transport Group Inc. which is currently funded by the Commonwealth Government, Home and Community Care and the NSW Community Transport Forum. The service, which has operated since 1983, helps the aged and people with disabilities who cannot use, access or afford public or private transport.

In 2013-14 it provided 7,258 trips through its individual transport program to people in the inner west. Eighty-nine per cent of those trips were for health-related purposes such as to hospital, the general practitioner and allied health service appointments as well as Centrelink and Medicare centres, compared to 64 per cent in 2012-13. The service also provides twice daily weekday round trip services to the Balmain Hospital Centre for Strong Medicine, a preventative health investment. In 2013-14 it made 1,916 trips, increasing from 1,738 in 2012-13.

This service is growing, demand is increasing, and a significant preventative health investment is taking place which will pay dividends in future health budgets, yet the Abbott Government is driven by an Americanisation of the health system where only those who can afford it get looked after. Ms Smith and Ms Williams are worried because the increases mean they will have to think twice about going to medical appointments. Ms Williams, who is healthy and active, uses the service for her occasional doctor's appointment, but Ms Smith is a regular user of Balmain Hospital's pulmonary and cardiac rehabilitation program. They are not against a contribution, but their means are limited and they need a fair go. Therefore the State and Federal governments should take into account the nature of these trips. Ms Smith concedes a trip to the hairdresser is vastly different from going to the hospital for pulmonary and cardiac rehabilitation several times a week.

As a chronic care patient, Ms Smith goes to rehabilitation three times a week and has 90 regular appointments a year. These appointments allow her to stay at home, saving taxpayers money as she does not occupy a hospital bed or aged care place. Due to the increases, Ms Smith said she will have to reconsider the number of times she goes for treatment. That is because, under new charges, her fees will jump from \$398 a year to \$1,010. She does not have another option as she cannot afford taxis and is unable to walk short distances. So her options are to reduce her treatment, endangering her health, or to seek aged care or hospitalisation at the cost of around \$1,100 per day to the taxpayer. When we look at these facts, we must agree with Ms Smith's conclusion that the increases are very short-sighted and will cost the community more in the long run. As for Ms Williams, the increases mean that the cost of her once-a-week trip to Leichhardt for fresh groceries will jump from \$84 a year to \$420.

For a pensioner, every dollar counts in these tough economic times. For a State Government trying to avoid rising health costs, supporting our pensioners to access fresh fruit and vegetables is an essential investment against dementia and numerous other health conditions. Our Premier has a background in finance, does he not? Surely he of all people would appreciate the damage these changes will bring to the New South Wales health system, let alone the suffering they will bring to our elderly. I urge the State and Federal governments to reconsider these increases and think seriously about their impact on older Australians and on our own budget projections.

MID NORTH COAST COMMUNITIES

Dr MEHREEN FARUQI [10.10 p.m.]: Many of my colleagues in this Chamber know that I have a strong connection with the mid North Coast of New South Wales, especially the area around the Hastings and the Manning valleys, where my family and I lived for a number of years. When we moved there, I was the first ever environmental engineer to work in Port Macquarie-Hastings Council. My role was to work across the various sections of council and with the community to deliver council's environmental plans, including stormwater, estuary and coastal management. This was my first foray into local government since arriving in Australia, and I loved every minute of it.

Working with people in the community every day—whether it be on education programs to stop pollution and litter entering the beautiful town beach and the Hastings and Camden Haven rivers, rehabilitating the lighthouse beach littoral rainforest or delivering coast cycleway infrastructure—made me realise that local government is the level of governance closest to the people. The Coalition Government's agenda to amalgamate already quite large regional councils will have a devastating effect on the way communities and councils work together to achieve fantastic local outcomes.

My journey with The Greens also started in Port Macquarie, where about 10 years ago I joined Three Rivers Greens and outed myself as an environmentalist and activist in National Party heartland. Even though I have been back in Sydney for about eight years, the friends and close connections my family and I made in Port Macquarie have meant that I am compelled to go there many times every year. It is one of the most beautiful areas in Australia—from the hinterland of Comboyne and Papinbarra to rural Wauchope; from the national parks, the littoral rainforests and the mountains to the rivers and the beaches—so I do not need much prompting to make the 4½ hour car trip, although I would much prefer to have a faster train on the tracks and travel in a much more sustainable and pleasant manner.

Since the 2015 State election I have had the privilege of also having responsibility for the mid North Coast portfolio, which I share with my colleague Mr Jeremy Buckingham. At the last election, The Greens' vote in Port Macquarie was 8.9 per cent. I am honoured to be the voice of these progressive voters and to represent them in the New South Wales Parliament on behalf of The Greens. After Rob Oakeshott's retirement from politics, many in the community have lost political representation that speaks to their values and world views. I spent the past four days in the region meeting with Greens members and many others in the community, including small business owners, artists, writers, activists, schoolteachers and TAFE teachers. The concerns expressed by the community were wide ranging, including lack of action on climate change, homelessness, domestic violence, youth unemployment, public transport, waste reduction, overconsumption and protecting the beautiful natural environment.

Overwhelmingly, the Coalition Government's agenda of privatising public assets, public land and public services weighed heavily on everyone's hearts and minds. The sale of the State's electricity assets is as unpalatable to many in the community as is the privatisation of the TAFE sector. One of the local issues that everyone mentioned was the commercial negotiations between the State Government and Woolworths over the plaza car park on Short Street in Port Macquarie. There are real concerns in the community that the Government may be willing to sell Crown land to Woolworths, which will result in the loss of not only open public space but also access to the foreshore, including Koolongbung Creek, and the loss of access to public car parking once the development is built.

From what I understand, the community and the council are dissatisfied with the process of a private developer being able to negotiate directly with the New South Wales Government over a parcel of valuable public foreshore land while the community is locked out. People are thoroughly sick and tired of being taken for granted and they are sick of private interests always trumping community needs. They want a thriving regional society and economy that is built on innovation, growth and renewable technology, opportunities for young people and a prosperous small business sector, not the discredited model of big business and greed. I look forward to regular visits to the mid North Coast to ensure that the voices of those with an alternative vision to the National Party are supported and heard in this Parliament.

NEWCASTLE RED CROSS BLOOD SERVICE**WESTMEAD HOSPITAL HIGH TECHNOLOGY DENTAL LAB**

The Hon. SARAH MITCHELL (Parliamentary Secretary) [10.15 p.m.]: Last Monday I had the pleasure of representing the Minister for Health, Jillian Skinner, at the launch of the new Australian Red Cross Blood Service in Newcastle. As many of us are aware, only one in 30 people give blood but one in three people will need blood in their lifetime. Modern processing techniques mean that a single blood donation can help at least three different patients and contribute to making up to 22 different products, including potentially lifesaving immunisations for chicken pox, hepatitis B and tetanus. Only 3 per cent of Australians roll up their sleeves to make lifesaving blood donations but we all must make an effort to give blood if we are eligible and also encourage others to do the same. I have already booked my next appointment to donate blood in Gunnedah.

It is a common misconception that the majority of donated blood helps those involved in accidents and emergencies. In fact, most of the blood is used to treat people with cancer and other serious illnesses. The Australian Red Cross Blood Service collects, tests, processes and distributes all blood in Australia and employs more than 3,800 people, with 1,970 volunteers in 81 fixed donor centres and 33 mobile units that visit around 1,000 sites annually. The Newcastle blood donor centre is a \$2.2 million state-of-the-art project that is geared to specifically meet the increased need for plasma, which is growing nationally at 11 per cent per year.

After more than 50 years of operation in an old building in Watt Street, it was finally time to close the doors on the historic site and upgrade. Blood banks have changed enormously Australia-wide and the new centre in Newcastle offers a pleasant environment for donating blood and is more centrally located for the community. I wish to congratulate a few people on its successful launch—centre manager Mark Sjostedt; chief executive officer of the blood service Jennifer Williams; New South Wales donor services manager Steve Eldridge; and New South Wales area manager Sue McNicholas. Relocating and upgrading the centre is a remarkable accomplishment.

The DEPUTY-PRESIDENT (The Hon. Trevor Khan): Order! I remind the Hon. Walt Secord that he is on two calls to order.

The Hon. SARAH MITCHELL: I also take the opportunity to acknowledge the incredible blood donors who were present at the launch, in particular, Mr Allan Lockyer, who has donated blood more than 500 times; David Davies who has donated blood 496 times; and John and Jacki Flett with 344 and 372 donations respectively. Despite astonishing scientific achievements, blood still cannot be synthesised. The blood service relies on everyday Australians to keep giving blood to ensure that others less fortunate have a healthy future.

Last week I was also excited to attend the opening of the high technology lab at Westmead Hospital. The lab is the result of a successful collaboration between the dentistry faculty at the University of Sydney and Stoneglass Industries. This partnership focuses on research and education using computer-aided design [CAD] and computer-aided manufacturing [CAM]. Introducing CAD and CAM technologies into dental teaching and research activities represents the next step in ensuring that Australian dental technicians and clinicians continue to lead the field in dental innovation. Stoneglass Industries aims to transform the dental prosthetic industry through computer and scientific advances.

Its primary focus is on full-mouth rehabilitation for patients who have lost many teeth and parts of their jaw as a result of disease or trauma. Such technological advances help students to get ahead in their studies by leaps and bounds. Seeing this technology firsthand last week solidified in my mind how Australians are world leaders in the medical field and constantly challenge the norms and traditional practices of science. I congratulate Stoneglass Chief Executive Officer Georges Sara, the Chief Technical Officer Darren Littlefair and also the Dean of the Faculty of Dentistry at the University of Sydney, Prof Chris Peck, on this fantastic partnership. Prevention and exemplary care underline a great dental service, and the Digital Dentistry Laboratory promises to ensure that our students provide exemplary and innovative care.

Finally, last night I had the privilege of attending a reception as part of the Australian Society for Medical Research [ASMR] Medical Research Week. The ASMR is the peak professional society representing Australian health and medical research. Its activities as part of Medical Research Week included scientific meetings, expos, school events and professional development programs. Whilst there, I had the opportunity to meet some very impressive young scientists who are making extraordinary advancements in the field of medical research in this State.

The New South Wales Government is a major sponsor of Medical Research Week, and, as such, I had the honour of presenting the New South Wales Office for Health and Medical Research Post-Doctoral Award for Excellence in Medical Research to Dr David Gallego-Ortega, for his work on hormone insensitive forms of breast cancer. Dr Gallego-Ortega's goal is to provide new targets for treatment and diagnosis of advanced breast cancer. He was a very worthy recipient of the award. I congratulate all involved in Medical Research Week, and in particular I acknowledge Dr Fatima Valdes Mora, Dr Martin Engel, Dr Wendy Gold and Jessica Coach for their contributions to the event.

LABOR AND COUNTRY LABOR ELECTION CANDIDATES

The Hon. COURTNEY HOUSSOS [10.20 p.m.]: In the short time at my disposal tonight I pay tribute to the people who stood as candidates for Labor and Country Labor across New South Wales in the recent State election. Without their dedication and hard work we would not have the privilege of serving in this Chamber. I wish to convey my deep and heartfelt thanks to them. They achieved some truly remarkable results and should be congratulated on their dedication to their communities and the Labor cause. In Albury, Ross Jackson, the local deputy mayor and an avid train enthusiast, achieved a 16.9 per cent primary swing. In Ballina, Paul Spooner achieved a 12.8 per cent primary swing. He is a community champion who won Country Labor's first community preselection.

In Barwon, local schoolteacher and proud Indigenous man Craig Ashby achieved a 12.9 per cent swing to Country Labor. In Bathurst, Cass Coleman—one of the hardest working Country Labor candidates—achieved a 7.9 per cent swing. In Bega, small businesswoman and fierce community activist Leanne Atkinson achieved a 10.7 per cent primary swing. In Cessnock, Clayton Barr achieved a massive 28.1 per cent primary swing. Country Labor's previous sole member in the other place now holds Labor's safest seat. Trent Gilbert, who contested the seat of Clarence, is a local through and through and has a young family in Casino. Trent achieved a 22.2 per cent swing to Country Labor. In Coffs Harbour, June Smith, a marvellous woman with a genuine passion for making her community a better place, achieved a 13 per cent swing.

The Country Labor candidate in Cootamundra was Charlie Sheahan. Charlie is a well-regarded local with strong ties to the community and has a great Labor pedigree. He achieved a 9.9 per cent swing. Stephen Lawrence, the Country Labor candidate for the seat of Dubbo, was a very formidable candidate against the Deputy Premier. Stephen has had a diverse career in law, both in Australia and internationally, and has a passion for reducing crime. He achieved a 14 per cent primary swing. The unmatched Ursula Stephens, who was a candidate for the seat of Goulburn, is a former senator for New South Wales who saw her local community being taken for granted and wanted to ensure it got its fair share. Ursula achieved a 20.2 per cent swing to Country Labor.

Glenn Kolomeitz was the Country Labor candidate for the seat of Kiama. Glenn, who achieved a 4.4 per cent primary swing, is a former soldier and now a barrister. He still has a huge contribution to make for the Labor Party. The deputy mayor of Lismore and community activist Isaac Smith was the Country Labor candidate for the seat of Lismore and achieved a 12.7 per cent swing. The incredible Jenny Aitchison, the Country Labor candidate for the seat of Maitland, achieved an 18.8 per cent swing and took the seat from the Liberal Party. She is my good friend, a successful businesswoman and a tireless advocate for her community. Steve Whan was the candidate for the seat of Monaro. Steve is a true Country Labor champion and he is deeply missed in this place.

The Country Labor candidate for the seat of Murray was Max Buljubasich. Max is a hard worker who flew the Country Labor flag proudly in a large and sometimes unforgiving constituency for Labor candidates. Dr David Keegan, a local doctor who campaigned strongly against the health cuts in the seat of Myall Lakes, achieved a spectacular endorsement from the community, with a 19.8 per cent swing to Country Labor. We had a passionate community campaigner and activist in Debra O'Brien as the Country Labor candidate for the seat of Northern Tablelands. Debra achieved a 10.7 per cent primary swing. Bernard Fitzsimon, the Country Labor candidate for the seat of Orange who is a strong advocate for working people and a fierce campaigner, achieved an 11.5 per cent primary swing.

In the seat of Oxley we had Fran Armitage, a passionate local, who somehow managed to fit a goat race against the current member for Oxley into her campaign and won. Fran also achieved a 17.9 per cent swing to Country Labor. In the seat of Port Macquarie we had Kristy Quill, a local carer who loves her area, who made a real difference. Kristy received an astonishing 18.4 per cent primary swing towards her. In Port Stephens we had Kate Washington, with a 20.4 per cent primary swing. Kate is my dear friend, an accomplished lawyer and a

woman of true integrity. On the South Coast we had Fiona Phillips, a local university lecturer, who achieved a 10.5 per cent swing to Country Labor. In Tamworth we had Joe Hillard, a long-time member of the party, who proudly got the Labor message out and held The Nationals to account in one of its safest seats.

The unflappable Ron Goodman in the seat of Tweed is a man very much in tune with the needs of his community. Ron achieved an outstanding result, with an 18.5 per cent swing to Country Labor—there is more to come. We had Martin Rush in the seat of Upper Hunter. Martin is the local mayor who fought and delivered for the people of his community. He achieved a 20.8 per cent swing to Country Labor. We had Dan Hayes in Wagga Wagga, a local psychologist who stood up for his community and demanded a better share for his region. Dan achieved an 18 per cent primary swing to Country Labor. I take this opportunity to thank the many other candidates who stood for Labor across Sydney, the Hunter, the Central Coast and the Illawarra, and who achieved great results.

We know that many of these candidates went to the election knowing they were unlikely to win. However, their commitment to their communities and their collective desire to build up and support the people of New South Wales often meant that in their minds securing a seat in the other place came second to genuinely advocating for the needs and wants of their electorates—perhaps members of The Nationals opposite could take a few notes. They have achieved spectacular results and I pay tribute to their hard work and dedication.

SAME-SEX MARRIAGE

Reverend the Hon. FRED NILE [10.24 p.m.]: I agree with the same-sex marriage lobby on one point only: The time has come for a conversation about marriage. A two-way conversation is needed to acknowledge that the debate on redefining marriage is yet to occur. Proponents of same-sex marriage talk about "the next stage in the conversation". I say to them, "Let us have a two-way conversation. Let us say what we have to say without reverting to name-calling, such as bigot, homophobic and so on. Stop and listen as we express our point of view, as we have listened as you have expressed yours." I too have a dream and that dream is echoed by millions of Australians and global citizens. My dream is deeply rooted in truths that are self-evident—namely, that God made man and woman in his image. The definition of true marriage cannot be changed. At Matthew 19:4-6, Lord Jesus Christ said:

Haven't you read that at the beginning the Creator 'made them male and female' and said, 'For this reason a man will leave his father and mother and be united to his wife, and the two will become one flesh? So they are no longer two, but one flesh.

My dream is that wherever possible all sons and daughters will be raised by their own mums and dads. I have a dream that all children will participate happily and equally in Mother's Day and Father's Day at school; that little boys and girls will not suffer the injustice of not knowing where they came from; and that girls are taught about puberty by their mothers and boys throw the footy with their dads. If Australia is to remain a great nation, all children should have the equality of growing up with their own mum and dad. There is no argument in saying that same-sex marriage is okay because some children do grow up without one or the other parent. Those children have not had their legal rights to their mum and dad removed by an uncaring, unthinking, appeasing government. Let us speed up the day when all boys and girls will sing, "Free at last, thank God Almighty, we're free at last. We're all the same, we all have a mum and we all have a dad."

Despite the same-sex marriage bill having failed five times in the past five years in the Federal Parliament, we are still talking redefining marriage. Is this strategy legislation by fatigue? There will always be millions of Australians who will never accept the Government's redefinition of marriage. What will be the consequences for those people if they were to manifest their views in speech or action? Will they be ostracised as bigots? Will they be allowed to teach their children that there is only one true definition of marriage? Or will they be fined or thrown in jail for hate-speech or for breaking the law? Marriage is not simply a form of sexual-romantic or domestic partnership, but something God ordained at creation. Marriage as between a man and a woman is the foundational relationship of human society. Should same-sex marriage be legalised, will I be free to express this truth? Currently in Australia same-sex couples suffer no unjust discrimination—be it taxation, superannuation, Medicare, next-of-kin status or in any other area.

Since the Federal Parliament amended 85 laws in 2008, same-sex couples have full relationship equality and are free to live as they choose. They do not have the right to choose a motherless or fatherless existence for a child. I stand to defend a child's birthright to the love of their mum or their dad as primarily more important than the demands of homosexual adults. I stand to defend against a change to our school curriculum whereby our children would be taught in school, by force of same-sex marriage law, that the sexual relationship between two men is no different legally or morally to that of a child's mother and father in marriage.

We have observed many instances of homosexual enforcement in jurisdictions that have legalised same-sex marriage. Parents in Massachusetts have been denied the right to withdraw their children from lessons taught by homosexual activists. Church adoption agencies in England have had to close rather than adopt babies out to homosexual couples. A teacher in London was demoted for refusing to read her class a storybook promoting same-sex marriage. The former Archbishop of Glasgow, Mario Conti, was reported to police by a member of Parliament from The Greens for teaching Christian doctrine on marriage during a sermon. What will become of Ireland? Proponents of same-sex marriage talk about feelings and equal love. C. S. Lewis said:

Being in love is a good thing, but it is not the best thing. There are many things below it, but there are also things above it. You cannot make it the basis of a whole life. It is a noble feeling, but it is still a feeling. Now no feeling can be relied on to last in its full intensity, or even to last at all. Knowledge can last, principles can last, habits can last; but feelings come and go. And in fact, whatever people say, the state called 'being in love' usually does not last.

CREDIT CARD INTEREST RATES

The Hon. SOPHIE COTSIS [10.29 p.m.]: Tonight I raise the issue of credit card interest rates. Over the past couple of days we have seen the questioning of Reserve Bank of Australia [RBA] officials about credit card interest rates and why these rates are so high. I commend Senator Sam Dastyari for asking the hard questions of top officials from the Treasury and the RBA about why credit card interest rates have not dropped in line with interest rates for home loans. I agree with him that there should be an inquiry as to why there are high credit card interest rates in this country.

[Time for debate expired.]

Question—That this House do now adjourn—put and resolved in the affirmative.

Motion agreed to.

The House adjourned at 10.30 p.m. until Wednesday 3 June 2015 at 11.00 a.m.
