LEGISLATIVE COUNCIL

Wednesday 21 June 2000

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The President (The Hon. Dr Meredith Burgmann) took the chair at 11.00 a.m.

The President offered the Prayers.

APPROPRIATION BILL

APPROPRIATION (PARLIAMENT) BILL

APPROPRIATION (SPECIAL OFFICES) BILL

APPROPRIATION (FURTHER BUDGET VARIATIONS) BILL

STATE REVENUE LEGISLATION AMENDMENT BILL

UNCLAIMED MONEY AMENDMENT BILL

LOTTERIES AND ART UNIONS AMENDMENT BILL

Bills received.

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

Motion by the Hon. M. R. Egan agreed to:

That these bills be read a first time and printed, standing orders be suspended on contingent notice for remaining stages, and the second reading of the bills be set down as orders of the day for a later hour of the sitting.

Bills read a first time.

EXAMINATION OF BUDGET ESTIMATES

Financial Year 2000-01

Motion by the Hon. R. S. L. Jones agreed to:

That the resolution of the House of 23 May 2000 referring the 2000-2001 budget estimates to the General Purpose Standing Committees be varied as follows:

1. That General Purpose Standing Committee No. 5 may hold additional hearings in relation to the Corrective Services portfolio in the week commencing Monday 26 June 2000.

2. That the committee present its first report to the House within five working days of the conclusion of any additional hearings.

3. (1) That, if the House is not sitting when the committee wishes to report, the committee is to present its report to the Clerk of the House.

   (2) A report presented to the Clerk is:

      (a) on presentation, and for all purposes, deemed to have been laid before the House,

      (b) to be printed by authority of the Clerk,

      (c) for all purposes, deemed to be a document published by order or under the authority of the House, and

      (d) to be recorded in the Minutes of the Proceedings of the House.

STANDING COMMITTEE ON SOCIAL ISSUES

Report

The Hon. Jan Burnswoods, as Chair, tabled the report of the committee entitled "Report on Adoption Practices—Second Interim Report—Transcripts of Evidence 16 June 1999-25 October 1999", dated June 2000.

Ordered to be printed.

DISTINGUISHED VISITOR

The PRESIDENT: I welcome the presence in my gallery of Mr Michael Atkinson, MP, from the Legislative Assembly of South Australia.

PETITION

Windsor Women's Prison

Petition praying that construction of a women's prison at Windsor be abandoned, that the funds be channelled into research to assist girls, adolescent and adult women at risk of offending, and that social programs on crime prevention be introduced, received from the **Hon. R. S. L. Jones**.

FORESTRY ACT: DISALLOWANCE OF FORESTRY AMENDMENT (PENALTY NOTICES) REGULATION

The PRESIDENT: Pursuant to sessional orders the question is: That the motion proceed forthwith.

Precedence agreed to.

The Hon. I. COHEN [11.10 a.m.]: I move:

> That under section 41 (1) of the Interpretation Act 1987 this House disallows the Forestry Amendment (Penalty Notices) Regulation 2000, published in *Government Gazette* No. 55, dated 5 May 2000, page 3715, and tabled in this House on 23 May 2000.

I do not wish to spend a long time debating this issue, and I will not take up the entire time allocated to me. However, I felt it important to bring forward this disallowance motion regarding the forestry regulation, to bring to the attention of the House a matter that has a significant effect on young people in the community. The Forestry Regulation which is the subject of this disallowance motion was made under the Forestry Act 1916. The purpose of the regulation was to amend the Forestry Regulation 1999 in relation to certain offences, including the offence of approaching within 100 metres of any person operating timber harvesting or hauling equipment, which is dealt with in clause 69. The 2000 regulation prescribes penalties for a range of offences which were already in existence under the Act and the earlier regulation.

The Greens previously strongly opposed the creation of these offences because they interfere with human rights and civil liberties of people engaging in peaceful protest in the forests of this State.
I do not wish to revisit those arguments—I am sure the House is well aware of my position on these matters—except to say that clause 75 of the proposed regulation seeks to provide that a range of offences, including the offence created under clause 69, can be dealt with by way of a penalty notice. The penalties listed in schedule 3 to the regulation are, with one exception, limited to $100. Penalty or infringement notices are on-the-spot fines which are issued for minor infringements of the law. If the person to whom the notice is issued does not challenge the notice in court, unless the fine is paid within the required amount of time, usually 28 days, enforcement proceedings are commenced.

Whilst the penalty of $100 is, for most people, not an onerous one, failure to pay a fine or take other action to deal with it can have serious consequences, such as the loss of a driver's licence and/or ultimately a period of imprisonment. Of particular concern is the imposition of penalty notices on young offenders. Often young people who undertake peaceful, non-violent protests in the forests are caught up in the legal system. Whilst they have every right to participate in such protests, their lack of understanding of the legal system can get them into trouble and can result in the issuing of penalty notices and the imposition of fines. Young people, through their naivety, are less likely to be able to comply with penalty notices, as they often lack the financial

resources and have less understanding of the legal processes for paying fines. Where young people are concerned, failure to comply with a penalty notice is more likely to result in time in custody for fine default. As a result, the issuing of penalty notices to young people instead of promoting the diversion of young offenders from the criminal justice system is likely to have the reverse effect.

I am aware of many circumstances in which young offenders do not have the money to pay the fines and they end up in custody. Over time it has been well and truly proved in respect of issues relating to traffic offences and so on that there are often catastrophic and disastrous implications for young people being taken into custody because they cannot afford to pay their fines. The Young Offenders Act 1997 aims to deal with this problem. I congratulate the Government on that initiative. I believe it is a very positive move to keep young people out of gaol. The Act provides for a range of interventions, such as warnings, cautions and youth justice conferences, aimed at diverting young offenders from the criminal justice system. This very worthwhile Act, however, overlooks a certain aspect of the Forestry Act. Currently, penalty notices which are issued under the Forestry Act are not able to be dealt with under the Young Offenders Act 1997. The ability to, in effect, bypass the Young Offenders Act is contrary to the spirit and principles of that Act, which provide that the least restrictive form of sanction is to be applied against a child who is alleged to have committed an offence.

It should be noted that the Criminal Law Review Division of the Attorney General's Department is conducting a review of the penalty notices scheme and will issue a discussion paper on the subject in the near future. One of the issues to be examined in the discussion paper is the imposition of penalty notices on young people. The purpose of the disallowance motion is to ensure that no young person is imprisoned or otherwise treated harshly within the justice system for engaging in peaceful protests in the forests of New South Wales. Given that the Government has introduced in this House the Young Offenders Act and has recognised the importance of being able to divert young offenders from prison, it is hoped that the Government will acknowledge that this is one area that has been overlooked for consistency with regard to the rights of young people. I hope that both major parties and the crossbenchers will view this disallowance motion with a sense of protection for young people, who can be vulnerable in these situations.

The Hon. R. S. L. JONES [11.16 a.m.]: I support the motion moved by the Hon. I. Cohen on the disallowance of the regulation. I also have met a large number of these young people in various protests in the forests. Most of the people in the protests are young people in their teens or early twenties, and they are the ones who are passionate about conserving our biodiversity and are prepared to put themselves on the line to do that. They are cheered on the sidelines by many older people who would protest if they had half the courage of these young people. It seems to me that this regulation, therefore, will be aimed largely at people in their teens. I believe it is inappropriate to penalise young people like this. I know that these young people have almost no money at all, and therefore they will not, in the main, be able to pay the $100 penalty. I hope that they will not end up with a worse penalty by not being able to pay the $100 fine. I applaud the motion and wholeheartedly support it.

The Hon. I. M. MACDONALD (Parliamentary Secretary) [11.17 a.m.]: The Government opposes the motion moved by the Hon. I. Cohen. As members of this House would be aware, the Government remade the Forestry Regulation in September 1999. Greater forest protection and safety were features of the Forestry Regulation. The regulation included a number of amendments to modernise and improve the management of State forests, in line with the Government forestry policy. Provisions to minimise any potential of risk to the public or damage to expensive harvesting and haulage equipment are an important feature of the regulation. The Government also wanted to make State forests a safer place for workers—workers whom I know a lot about as I have a lot of connections with their union.

In line with these objectives, one of the changes to the Forestry Regulation made it an offence for a person to approach within 100 metres of any person operating timber harvesting equipment in State forests, or to obstruct or interfere with such operations. People cannot simply walk onto construction sites or other dangerous work sites, for very clear safety reasons. Timber harvesting is no less hazardous an operation, as all honourable members would be aware. The presence of unauthorised persons can distract forest workers during operations—such as felling trees and removing trees using heavy equipment—making the work potentially dangerous to workers and bystanders. This Government has done more than any other to ensure forest workers are properly trained in safe working practices and to instil a safety ethos.

The new regulation simply makes it clear to all concerned that unauthorised persons must not place themselves within the immediate vicinity of an area where timber harvesting is taking place. The change has in no way prevented people from lawfully protesting. Rather, it promotes a safer environment during forestry

operations. The Forestry Amendment (Penalty Notices) Regulation 2000 simply facilitates the implementation of this aspect of the Forestry Regulation 1999. The Forestry Amendment (Penalty Notices) Regulation 2000 provides a short description of the offence in order for authorised officers to issue penalty infringement notices, and permits the Infringement Processing Bureau to process penalty infringement notices. It does not create a new offence and does not change the meaning of the 1999 regulation at all—that is, ensure the safety of forestry users and forestry workers.

A regulatory impact statement covering the proposed changes in the regulation was publicised in the metropolitan and regional press and was sent by mail to key stakeholders. The draft regulation was circulated to a broad range of forestry stakeholders, including the timber industry and timber workers, conservation groups, Aboriginal land councils, apiarists, bush fire management agencies, peak recreational and tourist groups, prominent academics, and relevant government agencies. The right to protest is an acceptable social practice which I and the Government endorse wholeheartedly. The Government's aim is not to stop protests but to clarify the powers of authorised officers to save and manage State forests when the timber harvesting operations are in progress.

The forestry regulation makes our State forests a safer place in which to work and as an employment environment. This is an objective that all sensible members of this Parliament should support. This Government has created approximately 1.4 million hectares of new native forest reserves since 1995 and at the same time has promoted a value-adding timber industry which is based on access to regrowth forests. The proposal by the Hon. I. Cohen to disallow the implementation of the forestry regulation would both effectively undermine the balance achieved by this Government on the use and management of forests as well as endanger the lives of people who work in State forests. The Government's forests policy has achieved the best possible balance between the forest industry and conservation and that has been recognised by the community. Accordingly, the Government does not support the motion.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [11.21 a.m.]: The Opposition also disagrees with the disallowance proposal moved by the Hon. I. Cohen. It is couched in the nicest words about feeling sorry for young people, but the underlying reality is that the Hon. I. Cohen wants to allow people to interfere with the daily operation of machinery and people's jobs. Frankly, that is just not acceptable. Not only does the Hon. I. Cohen want to endanger on a day-to-day basis the workers who leave their wives, children and homes to go to work. He also wants to allow some misguided young people to be put in danger by proposing a fine of $100. The fine as it presently stands militates against the chances of people acting willy-nilly in a forest environment. Frankly, I believe that the regulation as it stands is proper and that the right balance has been struck.

If the fine were to be changed at all, I would suggest that it should be increased rather than decreased. I recognise the right of people to protest; I do not suggest increasing the fine to stifle protests, and I acknowledge that in most instances the Hon. I. Cohen uses his right to protest in a responsible manner—unlike his parliamentary colleague, Ms Lee Rhiannon, about whom the less that is said, the better, particularly in relation to her behaviour towards one of my colleagues in recent times. She should certainly be feeling some regrets this week in relation to that issue.

The Opposition cannot accept the proposal for disallowance of the regulation and believes that the outcomes to which it is directed are entirely wrong. If the disallowance is granted, workers and young people—who should keep away from machinery, chainsaws, dozers and trucks—will be put at risk. Young people should keep out of the way of other people who are actually just trying to do their jobs. I believe that people who are employed to do their jobs should be allowed to carry out their tasks and, in a forest environment, those workers should not be put at risk; nor should this Parliament ever encourage young people to place themselves at risk.

The Hon. Dr A. CHESTERFIELD-EVANS [11.24 a.m.]: It is interesting to hear the Government and the Opposition talking about the importance of safety and people being able to just do their jobs. Fundamentally the problem is that forests are being chopped down for very little return. People do not know how much money is being paid for forest products because they are not allowed to see the contracts but, effectively, forests are being sacrificed for next to nothing.

Because people no longer have faith in the ability of this State Government or the Federal Government to look after forests, they are protesting. The natural consequence of protest action is that people are arrested. The question then becomes whether the penalties will result in people being put into gaol because they are unable to pay the fines. The next question to consider is what the social consequences of such an outcome will

be. The disallowance motion moved by the Hon. I. Cohen attempts to address those issues. The Government is suddenly showing great concern for safety and great respect for laws which unfortunately are not being respected at the grassroots level. People are seeing forests sacrificed in a very foolish and uneconomic way. I support the motion.

Ms LEE RHIANNON [11.25 a.m.]: I congratulate my colleague the Hon. I. Cohen on moving a motion to disallow the Forestry Amendment (Penalty Notices) Regulation. It is disappointing, but not surprising, to observe the reaction of the Government to this motion. Although both the Government and the Opposition speak about the right to protest, their actions seek consistently to curtail protests. That certainly has been the result of five years of Labor administration in this place. This motion presents an opportunity to keep within the spirit of the Young Offenders Act 1997 which has gone part of the way—through warnings and youth justice conferences—towards ensuring that young people do not become involved in the terrible cycle of a perpetual life of crime.

If this Parliament adopts the disallowance proposal moved by the Hon. I. Cohen, that will ensure that young people are not caught up in the judicial system which, because of the difficulties that many young people face in paying fines, may eventually lead to their imprisonment. I take this opportunity to pay a tribute to young protesters for their courageous actions. To my mind, history is made up of people who take a stand and push the agenda so that decision makers are forced to realise that changes are needed. The young people who are in the forests really deserve our congratulations at all times.

I take this opportunity to correct one of the many incorrect statements that was made during an earlier contribution to the debate. It was suggested that the effect of adopting this proposal will be to destroy jobs in the forests. If one examines forests campaigns, the general thrust of those campaigns is to create employment and save the environment. Indeed, that is the only way for us to proceed. In 1998 the North East Forest Alliance produced a detailed document showing how jobs could be created in the forestry sector by safeguarding more forests than by adopting what virtually amounts to a clear-felling policy in many areas. The comments made by the Deputy Leader of the Opposition reflect the problems being experienced by the National Party, which is just clutching at straws as its star wanes more and more.

The Hon. D. J. Gay: At least we had a star—unlike you.

Ms LEE RHIANNON: The honourable member usually beats up the Greens about the stars.

The Hon. D. J. Gay: There is nothing shiny and nice about you.

Ms LEE RHIANNON: We are shiny and nice. This is yet another example of the National Party, which is so desperate to make its mark, suddenly expressing concern about young people in the forests whereas that has not been the case in the past. Members of the National Party certainly have not done anything to ensure that the forestry industry is sustainable and that jobs will be created for many decades in the future. I reiterate my congratulations to the Hon. I. Cohen on his initiative in moving this motion for disallowance of the regulation.

The Hon. J. S. TINGLE [11.29 a.m.]: I did not intend to speak on this disallowance motion because I think the sooner it is dispensed with the better. But, having heard some of the things that have been said, I have to say that this is not about saving forests, or about danger to people in forests where forest work is being carried out; it is about the curious agenda of creating two categories of people in our society: those who are punished fully and properly for what they do, and those who are free from all punishment and therefore are free to do whatever they want to do, with a minimal risk of suffering some kind of opprobrium for doing so.

Undoubtedly, these people are concerned—as I think we are all concerned—about what is happening to our forests resources. But if young people, and I presume by that we mean people under the age of 18 years, can go into forests and get in the way of what is going on, knowing that they will get only a slap on the wrist—whereas if I or the Deputy Leader of the Opposition or the Hon. I. M. Macdonald were to do that, we would cop the lot—that would enable a protest to be organised and orchestrated by older people and organisations that have their own political agenda, not an environmental agenda, using young people in the knowledge that the penalty they will incur will be minimal. This, together with the Young Offenders Act, is something of which Dickens' character Fagin would have been proud. He could say to them, "My dears, you go in and do it because you won't get into trouble."

The Hon. D. J. Gay: That would be the wild young Greens.

The Hon. J. S. TINGLE: Whether it would be the wild young Greens or anyone else, this proposal is discriminatory, and it ought to be rejected.

The Hon. I. COHEN [11.30 a.m.], in reply: I thank all those who have participated in what was a surprisingly interesting discussion of the issue. Although this is intended to address a situation that would arise in our forests, it is not of itself a forestry issue. The issue is the protection of young people. That is an issue that was put forward by the Government in respect of the Young Offenders Act. I believe that this matter was overlooked when the Government was drawing up its legislation, or else it reflects the Government's recognition of the importance of giving the forest industry absolute guarantees, regardless of the quality of the environment that may be destroyed.

I was interested in the argument put forward by the Government. I was intrigued to hear the remarks of the Hon. I. M. Macdonald, who has often referred to his proud personal history as a past protester. It is interesting that he would now deny people the right to protest. The Hon. I. M. Macdonald raised a safety issue. That is why I raised this matter in the first place. This is about keeping young offenders out of the judicial system. That is the crunch. If the Hon. I. M. Macdonald does not recognise that, it is rather sad, because he will have moved full circle—from one who has defended the right to protest, supported young people, and been a protester himself, to now supporting more stringent regulations against young protesters that could see young people put in gaol.

Yes, a forest is an industrial site. However, here we are talking about a bulldozer that is working through a pristine forest being met by young people protesting against such acts of vandalism. Whether those young people are right or wrong, that is their perception. I have great admiration for young people who are out in the forests for no reason other than to pursue their ideal of protecting forests. We must understand that these young people are the ones who must act. Often, because of the complicity of governments, unions and industry, areas that are being devastated should instead be protected. Whilst this issue is being debated at the highest levels, with mirrors and smokescreens being used by government, very special areas of forest can be bulldozed. If young people recognise that, it will be very difficult, if not impossible, to prevent those young people going on site to stop that work.

This is not like a city protest. These people are out in the bush, without facilities to call in the media and apply pressure in other ways. They are out in the forests trying to stop this destructive work. I understand the safety issue that is involved. That is why the Greens and the North East Forest Alliance have been active in the forests of New South Wales and proactive in working with the authorities and the police to develop a protocol to minimise danger and the potential for violence in these sorts of situations. However, these people have the right to protest. Historically it has been proved that these protesters, mainly young people, who are out in our forests, undertake a role that is very important to change the values of our society. The Government takes credence and prestige these days from that role, claiming that it is the green Labor Government. It was not the Government that was out in our forests; it was mainly young people.

I understand the objections of the Deputy Leader of the Opposition. I know he wants to increase the fines in pursuit of the law and order option. But that will not resolve the problem. That will not prevent people from going into the forests. That would not keep people away from this forest machinery. Often, discussions ensue and they result in a resolution that goes from the forest floor to the highest levels of government. This disallowance motion is in keeping with the spirit of the Young Offenders Act and in keeping with the spirit of young people who bravely take time out from their regular lives to do something that is of an altruistic nature.

Today was the first time in this House that I have been likened to Fagin. I have been called many things in my time, but not a Fagin. The Hon. J. S. Tingle thinks that this disallowance motion will lead to older people encouraging young people to take part in forest protests because the young people can get away with it through the provisions of the Young Offenders Act. He thinks older people can incite young people to charge out into the forests and stop this destructive work. That is utterly ridiculous. It shows the paucity of the argument of a person who does not understand the dynamics.

No-one is driving the young people; they are gathering together to pursue a very worthwhile campaign against forest destruction. I utterly reject the suggestion that this would involve any manipulation of young persons by older people to encourage them to break the law, as often might be the case with drug issues. This is legitimate, altruistic action taken by young people in our forests, and they need our protection. We are not talking about the forests. We are talking about young people who, through their naivety, could find themselves incarcerated as a result of their actions. I ask the Government in particular to take notice of that and to

acknowledge the importance of the disallowance motion that I have moved in the House today. I appreciate that the Government does not see it that way at the moment.

However, I would ask the Government to have a look at this issue in the future because it is extremely important to give these young people at least that degree of protection before they become involved in any situation that could lead to their imprisonment. They certainly do not deserve that. They deserve our applause and support. I will do what I can, as I am doing with this disallowance motion today, to protect those young people who are pursuing their basic right to protest peacefully in the forests of New South Wales. We owe them a lot.

Question—That the motion be agreed to—put.

The House divided.

Ayes, 6

Mr Breen
Mr R. S. Jones
Ms Rhiannon
Dr Wong
Tellers,
Dr Chesterfield-Evans
Mr Cohen

Noes, 27

Mr Bull	Mr M. I. Jones	Mr Samios
Mr Della Bosca	Mr Kelly	Mrs Sham-Ho
Mr Dyer	Mr Lynn	Ms Tebbutt
Mrs Forsythe	Mr Macdonald	Mr Tingle
Mr Gallacher	Mr Manson	Mr Tsang
Miss Gardiner	Mrs Nile	
Mr Gay	Revd Nile	
Mr Harwin	Mr Oldfield	*Tellers,*
Mr Hatzistergos	Dr Pezzutti	Mr Jobling
Mr Johnson	Mr Ryan	Mr Primrose

Question resolved in the negative.

Motion negatived.

DAIRY INDUSTRY BILL

Second Reading

Debate resumed from 20 June.

The Hon. D. J. GAY (Deputy Leader of the Opposition) [11.45 a.m.]: I again contribute to the debate on the Dairy Industry Bill. I make it clear at the outset that members of the Opposition, unlike other honourable members, are trying not to play politics with this bill. We are talking about the future of 1,800 New South Wales dairy farmers, their families, their workers, the communities that depend on them and the industries that are generated from them. Unfortunately for industry, our colleagues in the Labor Party—both coastal Labor and Country Labor at a State and Federal level, and especially Country Labor members—have taken it upon themselves to turn this issue into a political football. In doing so they have placed in jeopardy the future of an entire industry. Members of the Australian Labor Party should be ashamed of themselves for putting out misinformation in relation to this issue. It has been estimated that the end result of this bill could mean the unemployment of at least 6,000 people. Dairy dependent regions will be decimated, with little or no chance of short-term recovery.

The Hon. I. Cohen: Members of the National Party are economic rationalists.

The Hon. D. J. GAY: That is why this debate should not be a political debate; rather it should be a debate about the future of an entire industry and the wider community that depends on it for its livelihood. The Hon. I Cohen said, by way of interjection, that members of the National Party were economic rationalists. I am not an economic rationalist. I have said in this House on previous occasions that I am an agrarian socialist and I have not moved from that position. I am very much in favour, and I will continue to be in favour, of a regulated environment. Honourable members may have noticed the way in which I voted in relation to other legislation that has been passed by this Chamber.

The Hon. R. S. L. Jones: Do you believe in handouts?

The Hon. D. J. GAY: I do not believe in handouts. It has been predicted that at least 600 New South Wales dairy farmers will disappear. That figure is forecast on the basis that the farm gate price of milk will fall from 53¢ per litre to 38¢.

The Hon. J. J. Della Bosca: What are you doing about it?

The Hon. D. J. GAY: If the Minister listens to my contribution he might find out. Processors have told farmers that they will be facing prices as low as 27¢ per litre—almost half of what they are currently receiving. Sadly, the writing is on the wall. Backtracking a little, it is worth mentioning that the National Party has never supported deregulation of the dairy industry behind the farm gate.

The regulation beyond the farm gate began in 1993 at the request of the industry and with the full support of the Labor Party. Seven years down the track and four years after the unveiling of the Kerin plan the Victorian dairy industry is prospering. I will talk more about the Kerin plan later. As the Hon. J. R. Johnson knows, whenever someone brings up the name John Kerin, the bloke who destroyed the wool industry, I certainly have a contribution to make. The Hon. A. B. Kelly referred to John Kerin yesterday. We will discuss that in full. The honourable member had better believe it. The central plank of the Kerin plan was a challenge to the industry to become—

The Hon. J. J. Della Bosca: Are you praising John Kerin?

The Hon. D. J. GAY: No, I am not praising John Kerin, nor will I. The central plank of the Kerin plan was a challenge to the industry to focus on export rather than focus on domestic production. The challenge was picked up with vigour by the Victorian industry, which during the four-year period increased production twofold, from 3.5 billion litres to seven billion litres annually. The move by Victoria to snare a greater share of the market, coupled with the determinations of the World Trade Organisation on the issue and the sunset of the domestic market support scheme, have all added impetus to the push for a deregulated market. I have followed the debate in the other place. On several occasions the Minister for Agriculture highlighted his own ineptitude during the second reading of the bill. I notice that the Labor members in this House are not shocked that I am highlighting the ineptitude of this dope.

During the second reading of the bill the Minister told the House that last year the Dairy Industry Council approached the Federal Government for assistance with deregulation. That was true, but the Minister then went on to mislead the House by claiming that the States were forced into deregulation by the Commonwealth. The two statements do not add up. They indicate the fibs that this bloke is trying to peddle. The Federal Coalition has delivered overwhelmingly to the dairy industry, as requested, the largest structural adjustment package ever seen in the Australian agriculture sector, or in the history of Australia, for that matter. The Federal Government has provided access to a total of $1.7 billion over eight years. From that package New South Wales will receive $337 million, or about $193,000 for each farm. The money will be raised through legislation that catches 11¢ of the 15¢ to 26¢ per litre reduction in the farm gate prices for market milk. Farmers will be paying for their own compensation. That seems to be a point that the Minister for Agriculture in the other place has some problems with. On April 28 he stated in a press release:

> I can assure New South Wales taxpayers they will not be slugged twice to support the dairy industry.

What the Minister was talking about was our proposal.

The Hon. A. B. Kelly: I am right behind you.

The Hon. D. J. GAY: The Hon. A. B. Kelly would do well to sit with the Deputy Leader of the Opposition. He might find out something about his folly on the floor price, about which I will enlighten him a

little later. It is a pity that he did not talk to National Party members before he went off on his stupid campaign. There are three stooges in this debate. They are Secord, Amery and Kelly. We in the National Party refer to them as Dopey, Dumb and Dumber because anyone who could put up anything so stupid deserves to be treated in such a way. I will tell honourable members more about the three stooges later. The Hon. A. B. Kelly is the one we refer to as Dumber because of his contribution. He is bright enough to have known better than to have allowed Walt Secord to lead him on until he had nowhere to go. However, I will come to that in a moment. Honourable members have that to look forward to.

On 28 September last year in a press release the very same Minister, the Minister for Agriculture, stated that the $1.8 billion package would be funded by the farmers themselves. This time he had it correct, but he is a very confused man. I repeat that the farmers will pay for their own compensation. They will not receive one cent of State Government money. Talking of State Government money, I have in front of me a media release from the Treasurer of New South Wales, old Scissorhands, Michael Egan, who sits across the Chamber from me on most occasions, although he is not in the Chamber at the moment. He carefully chose the moment yesterday to announce another $140 million—between the memorial service and the leadership fracas of our Coalition colleagues and just before question time—a moment when most would have been distracted.

Honourable members should note that within the $140 million, $50 million is provided to cover likely immediate reductions in SOCOG revenue, $18 million for possible additional expenditure—and here is the crunch—$70 million for other contingencies. Therefore, the Treasurer does not know what the money will be spent on but he weighed in with another $70 million. As Nick Greiner said on *AM* this morning, only $70 million was needed and there was surprise at the announcement of $140 million. This State Government is supported by Country Labor. Honourable members will see how Country Labor members vote in this debate. They will show that they are against the dairy farmers in this State if they do not support the Coalition's proposed amendment. The amendment does not specify an amount of money. The Coalition will leave it to the Government. The amendment will provide a formulation to dispense money to the farmers continuously.

If the Government can throw $70 million to the Olympics, having already stolen $700 million from regional New South Wales, one would expect that it could probably find $70 or $80 million. It would be common decency to balance the money that the Government has paid to taxi owners and communities and as compensation under the forests legislation. The Coalition will not back off on this. It will take it right through. As I said a moment ago, the bill excludes the payment of compensation for the deregulation of the dairy industry. It is essential that the Government provide a comprehensive structural adjustment package for farmers, who will find themselves in a vastly different operating environment, but I fear that it may not come under the current Labor administration. Some farmers will take the Federal package up-front and exit the industry. However, there are those who will remain and need a continuing helping hand.

Clearly, that helping should come from the State Government, the State Government that has regulated this industry over the past 68 years. Country Labor's answer to calls for a structural adjustment package from the State Government has been the ridiculous suggestion of a national floor price scheme for milk. Country Labor is perpetuating a false hope in the dairy farmers of New South Wales. For starters, the Federal Government has no general power to fix prices; secondly, it has not passed any legislation to deregulate the dairy industry. I repeat: there are no Federal laws regulating the dairy industry which are to be repealed. My Federal colleague the Hon. Warren Truss told Federal Parliament earlier this month:

> These calls for 11th hour schemes are just political smokescreens to cover the lack of action by the New South Wales and Queensland Governments in addressing the concerns of dairy farmers whose quotas will be valueless following deregulation by the States … this is cruel disregard by Labor for the problems of dairy farmers.

I concur fully with the views of Warren Truss on this issue. It is time for members of the Labor Party to pull their collective fingers out and advocate a State-based structural adjustment package rather than floating ridiculous floor price fixing schemes. Once again I wonder whether the Hon. A. B. Kelly actually wrote the release or whether, like many other pieces of Country Labor propaganda, it came from Walt Secord in the Premier's office. That is happening more and more. The Hon. A. B. Kelly, who actually knows a bit about what is happening in the bush, finds that he has to defend things that are written by others. The Hon. J. R. Johnson knows of my great concern about John Kerin meddling in regulated markets.

The Hon. A. B. Kelly used the wool reserve price scheme as an example of how the Federal Government could regulate the industry. Can any honourable members remember what happened in the wool industry? Can they remember when John Kerin was the Minister for Primary Industries and Energy? The wool industry was under threat, markets were under a degree of threat and our traditional buyers had bought a large

amount of wool at the top of the market when in a regulated market. After they had taken delivery of this large amount of wool, John Kerin lowered the reserve price, thus disadvantaging our traditional buyers and destabilising the market. We had to pull more money out of the industry to prop it up.

Having restabilised it, this idiot—and I use the term advisedly—did it again. Having destabilised the loyal buyers of the Australian wool industry once, he did it again and destroyed the industry overnight. That is why I have concerns about John Kerin meddling in anything that the Labor Party gets its hands on. The simple fact is that the Labor Party cannot handle money. It is not just me saying that the Hon. A. B. Kelly is dopey, dumb and dumber in this situation, Dairy Farmers put its point of view in a fax to the district chairmen. It said:

Re: "mythical" floor price for milk

Before going on leave, Alan Tooth wrote to NSW State Minister for Agriculture Mr Richard Amery. In that letter he expressed grave concern over the NSW Government providing credence to the idea that there may be the possibility of a floor price for milk being introduced in NSW.

At the eleventh hour of de-regulation, it is highly unlikely that it would be possible to instigate such a thing, and raising such a "hypothetical" situation may well serve to give false hope to farmers who need to carefully assess their capacity to survive in a deregulated market.

For as you know, Dairy Farmers did not support deregulation (for all the reasons that are currently causing suppliers their anxiety) but it is a fact of life and we must all make business decisions based on real-life, not speculation. Alan Tooth pointed out to the Minister that talk of a regulated floor price may give false hope to people and prevent them for making decisions based on reality. Deregulation is now too far advanced to be stoppable and is, regrettably, a fact of life. Our business decisions must be based on ways to work successfully within the circumstances which the regulation brings with it.

For some farmers speculation about a possible floor price may mean they delay making tough decisions and result in them missing the three-month window for applying to the Federal Government's Adjustment package. This would be most unfortunate, and this is what Alan expressed to the Minister.

It is both our views that politicians suggesting there be a floor price is perpetuating a fairytale and therefore unfair to farmers who need facts on which to base their decisions. Even if the Victorians agree to it, practical problems of compliance would prove to be insurmountable. The reality is—

I emphasise this—

that the Victorians will not agree to it.

Dairy Farmers has real concern that any attempt to introduce a floor price may put the Adjustment package at risk.

The key is that last part. We are facing the deregulation of the dairy industry because the Victorians are gung-ho about storming the borders. The Victorian Parliament has already passed legislation to deregulate without a package. The Western Australian Parliament passed a bill to deregulate and has added a package of its own to help its farmers—and that is a Liberal-National Party government. That is what we are asking for today. If honourable members are in any doubt at all about what is going to happen they need only have listened to the radio program *A. M.* this morning to hear the Victorian dairy farmers say that only armoured cars with heavy weapons will stop them from coming across the border.

[*Interruption*]

The Hon. I. M. Macdonald might not have listened to the program. He does not listen to anything he does not want to hear. He prances around like a George Speight look-alike and he does not want to listen. He is the Country Labor member who supported Jennie George into the seat of Throsby. That is how much he cares about rural areas. It is factional politics. Jennie George is the second-greatest enemy of country New South Wales. This State Labor Government is the first.

The Hon. I. M. Macdonald: Who is the first?

The Hon. D. J. GAY: You are. I am going to continue to talk about the Hon. A. B. Kelly, because he said a lot of things yesterday that were just totally untrue. He put forward this farcical proposal to disguise the fact that the Government is not contributing one shilling to the floor price. He and the Hon. I. M. Macdonald know that a floor price just will not work. As I have said, Dairy Farmers, the Australian Dairy Industry Council, the Federal Government and the Dairy Farmers Co-operative have dismissed his half-baked idea.

He also went on to say that dairy farmers pour money into fairly capital-intensive and labour-intensive industries and their local communities. For once he had it right; that is a valid observation. He indicated in a letter to someone that he is pre-eminently a member of the Labor Party. He may be a member of the Country Labor faction but he is still a proud member of the Labor Party, and it comes first.

The Hon. J. R. Johnson: As we all are.

The Hon. D. J. GAY: "As we all are." The chorus rings out from across the Chamber, "As we all are." He also said that the Federal Government has put in the legislation that it will take 11¢ a litre from all consumers for all the milk that is sold in the future. This statement shows how little the honourable member knows about the deregulation issue; it is further evidence that he is only interested in running a propaganda war via the Premier's Macquarie Street office. Milk prices to the consumer should fall, not rise as the Hon. A. B. Kelly has implied. Money for the Federally co-ordinated package will be raised through legislation that will catch 11¢ of the 15¢ to 26¢ reduction in the farm gate price of milk. Money for the Federal package is coming from the reduced milk price farmers that will receive from 1 July. The farmers are paying for the Federal package, not the New South Wales Government. The Government is not giving one shilling towards the package. In reality, consumers, taxpayers and governments are not funding this package; it is being funded by the farmers themselves.

It should not be forgotten that the current New South Wales Minister for Agriculture is partly responsible for negotiating the New South Wales share of the Federal package. New South Wales dairy farmers face the biggest losses in terms of the prices they will be forced to accept. As I said, the Western Australian Government has passed legislation similar to the bill we are being asked to pass today, but it has also committed a $27 million package for its relatively small dairy industry. The New South Wales dairy industry is more than three times the size of the Western Australian industry. I urge the Labor Government to follow the lead of the Western Australian Government in this case. The Dairy Farmers Association has made it clear that it would like the State governments to come to the compensation party. The President of the Dairy Farmers Association [DFA], Reg Smith, said in his address to the association's annual conference in May:

> We will be approaching the NSW Government for an assistance package to ensure that NSW does retain a viable farming sector that so many rural communities rely so heavily on …

The DFA has also called for politics to be excluded from the debate. In a press release issued on 8 June Reg Smith urged all members of this Parliament to put aside their political differences and work together to find the best solution for the New South Wales dairy farmers. Concerns about this bill have been widespread. Letters and phone calls from dairy farmers and their families are received in our offices every day, and they reflect that deregulation is creating a high degree of uncertainty for many people. A letter I received last week from the wife of a North Coast dairy farmer stated:

> We have been either misled or lied to or the full consequences were never really addressed. To date it has been speculated that we will receive 37 cents per litre for dairy milk for three months, then after that it will be anyone's guess.
>
> We just simply want to operate our businesses as viable and profitable propositions to enable us to educate our children, employ labour, contribute to the community and pay our taxes. Farming is our passion …

That view is repeated in many of the letters that other honourable members and I have received and by many people who have contacted us. The farmers simply want a fair go. It is interesting to note that the Anglican Bishop of Grafton is also concerned about the impact of this legislation. Bishop Huggins has called for a detailed analysis of the adverse social impacts that a deregulated market will have on local communities. Like the Hon. J. R. Johnson, I can remember that prior to the 1999 State election one promise trumpeted by his Government was that a social impact study would be conducted before legislation was enacted. I wonder if that has been done in this case. I certainly have not seen a social impact statement come before the Parliament to date. Indeed, I cannot remember a regional and rural social impact statement coming before the Parliament on any legislation this Government has brought forward.

The Hon. Jennifer Gardiner: If there are any, they are secret.

The Hon. D. J. GAY: They certainly are. Indeed, when I asked about this during estimates committee hearings, members opposite chortled to themselves—they thought it was a huge joke. However, it is not a huge joke. If members opposite promise things—and in this instance I think it was a genuine promise—they must deliver. If there is a social impact statement and I have inadvertently misled the House, I am willing to apologise. I put that on the record: If the Government has a social impact statement, I ask it to say so before the debate concludes, and I will apologise to the House. But I doubt whether I will have to apologise.

There has been a great deal of concern about the flow-on price effects of milk in the period before and after the deregulation of farm gate pricing arrangements. For that reason the Federal Government has ensured that prices will be monitored through the Australian Competition and Consumer Commission [ACCC]. Indeed,

Warren Truss and Senator Ron Boswell, who is a great guy, have done a lot of work on this matter. I know that sensible members opposite, particularly the Hon. J. R. Johnson, who pays due credit to decent people, appreciate what people such as Ron Boswell are doing in this case.

Last week the ACCC announced that it would be monitoring the cost, prices and profits of leviable milk products right through the supply chain, from the producer to the consumer. That is an important step. It is part of the Commonwealth dairy industry adjustment package and allows everyone with concerns about milk pricing to approach the ACCC for an evaluation. In a letter to my colleague the Leader of the National Party in another place, the Deputy Commissioner of the ACCC, Allan Asher, stated:

> You can be assured the Commission will act swiftly should dairy processors or retailers be found to be acting in contravention of the competition laws.

This is yet another example of how the Federal Government has responded to the concerns of the dairy industry. It is time the New South Wales Labor Government took some positive action in implementing a structural support scheme. The dairy industry is deeply concerned, as is the National Party, that the State Government has not lifted a finger towards making a contribution to fund the dairy division of Safe Food, as food safety is an issue that concerns every resident of New South Wales.

Under deregulation, Victorian producers will be able to truck milk over the border and put it in New South Wales supermarkets very easily. My concern, and that of many farmers, is that the quality assurance standards applied to Victorian milk products are nowhere near as stringent as those applied in New South Wales. Representatives of the Victorian dairy industry were on ABC radio this morning saying that the only way to stop Victorian milk from coming into New South Wales post-deregulation is to block the border. The New South Wales Government should hang its head in shame if it is prepared to allow a lower standard of milk into this State.

Another major concern to the National Party is that the State Government will impose on the industry costs that will make it uncompetitive. My National Party colleagues and I hope that the Government shows some restraint, given the devastation that deregulation, without a structural adjustment package, will have on the industry. I note that at the rally held at Tweed Heads on Saturday the Labor member for the Federal seat of Paterson on the Central Coast, Bob Horne, stood on a truck and lied. Other Labor members, including the Hon. Janelle Saffin, were also present at the rally.

The Hon. C. J. S. Lynn: Who was she representing—Country Labor?

The Hon. D. J. GAY: It is hard to know whom she was representing.

The Hon. Patricia Forsythe: She got dumped as a Country Labor member.

The Hon. D. J. GAY: She was dumped from the Country Labor ticket. That is why she was with the National Party representatives; she was probably trying to get a little solace. Also present at the rally were Anthony Albanese and Wayne Swan. As I said earlier, the closest Wayne Swan has ever got to the dairy industry is with a flat white. Well-known caravan owners and supporters were also at the rally, but one person who was not there was napping Neville. Where was napping Neville? Indeed, when I travel through the Tweed area people not only say, "Where is napping Neville?" They also say, "Who is napping Neville?"

The Hon. C. J. S. Lynn: Neville who?

The Hon. D. J. GAY: "Neville who?" is what they say.

The Hon. J. R. Johnson: He's the candidate who won the seat.

The Hon. D. J. GAY: Napping Neville Newell will not hold the seat for long. You will have to wake him up and tell him that people have a few problems that he should address.

The Hon. Jennifer Gardiner: Do you know what they say about Neville? They say, "Getting to see Neville Newell in his electorate office is harder than getting into Fort Knox." That's what they say up in Queanbeyan.

[*Interruption*]

The Hon. D. J. GAY: As challenging as the interjections are, and as enjoyable as it might be to respond to them, I say in conclusion that the Coalition—

The Hon. J. R. Johnson: You're not allowed to use that word!

The Hon. D. J. GAY: In this case I am speaking as the Leader of the National Party and I am leading the debate on behalf of the Coalition. In fact, on the stance that we are taking here today, we are as one. As opposed as we are to deregulation, at the end of the day we want to make sure that the farmers are not disadvantaged. Therefore whatever we do in this debate, we will make sure that our actions will not disadvantage farmers. I would hope that the sensible members within the Government, as well as the Government's advisers and the Minister's advisers, would note that we have foreshadowed an amendment that does not specify any sum of money but puts in place a mechanism to ensure that the Government provides some money to help the farmers in this State. I will conclude my contribution at this point and hope that we receive support for our amendment when it is moved.

The Hon. R. S. L. JONES [12.21 p.m.]: I must confess that when I first considered the question of deregulation a year or so ago I thought it would be a reasonably good idea. However, having now studied the issue somewhat more closely and talked to dairy farmers and others, it is clear to me that it would be an absolute disaster. It would be a disaster not just for the dairy farmers but for the environment and the animals. It would just be a total disaster.

We know what will happen with this deregulation, brought on by the conservative forces in Canberra. The large producers will get bigger and the small producers will go out of business altogether. Hundreds of small family farms, particularly on the coast of New South Wales, will go out of business. It has been estimated that on the New South Wales coast alone, up to 900 dairy farmers will go out of business, and that is an absolute disaster for their families. Areas further up the coastline already have very high unemployment—22 per cent in some areas—and that will be exacerbated by this deregulation.

There has been a lot of hand wringing and a lot of crocodile tears shed in this House, as there was in the other House, by those who profess to be against the legislation. We do not have to pass this legislation. It has been said that if we do not pass it there will be draconian consequences; there will be no compensation for the farmers, they will be even worse off, the Victorians will get their $760 million and our farmers will get nothing. Of course, that is not true. If the legislation fails in this House, the whole matter will have to be opened up for debate at another time. It may well be that the Howard Government will be forced into a reconsideration—not of deregulation, I suspect, but of the compensation package. There is no reason at all why the levy should not be extended by several years, for example, or why the total package to our farmers should not be increased considerably, or why there should not be a rejigging of the package.

Victorian farmers are getting twice as much money as New South Wales farmers, but many Victorian farmers are selling their milk at 27¢ a litre because they are selling manufacturing milk. They already have their production geared at the lower price whereas the bulk of New South Wales farmers are selling their milk at the higher price of 53¢ a litre or thereabouts. Those dairy farmers do not believe they will be offered 38¢ a litre; and of course the price has gone down, as it must, to the manufacturing price of about 27¢ a litre. It is interesting that over the past year the retail price of milk has increased from $1.16 a litre to $1.38 a litre, yet there has been a decrease in the amount paid to producers.

This happens so often in industry. Those who are the primary producers get such a very tiny piece of the cake. If we look at the figures from some years ago, dairy farmers used to get a much larger proportion of the retail price. But gradually, over the years, the farmers' proportion of the retail price has gone down and down; they are getting squeezed all the time. This has led to disastrous consequences in many country areas. That is why the division between the country and the city is growing. The people who make money out of the produce are in the cities, the middle people. The handlers and the processors are making all the money and the producers are getting very little.

Economic rationalism and deregulation have been an absolute disaster. As I was reminded by the Hon. I. M. Macdonald, many small egg producers went into liquidation and the large ones got larger. Pace Farms Pty Ltd now has a huge proportion of the total egg market. The same thing will happen in New South Wales with the milk producers. The Victorian milk producers are gearing up with their war fund of $760 million, of which they will probably get 77 per cent up-front, about $500 million. And, as they said on the radio this morning, they will use that money to invade the New South Wales market. They said, "Only guns and tanks will stop them getting over into our market."

Inevitably, if we pass the legislation today without the Opposition amendment, our dairy farmers will be very poorly off indeed. I am afraid to say, as I mentioned the other day, that there will probably be suicides over this. Indeed, there have already been two or three suicides. These people who have put their lives into this business over the years and worked seven days a week, in the most appalling conditions in some cases, will end up with virtually nothing. Their farms will become less valuable, their stock will become less valuable, and they will end up with virtually nothing. I am afraid to say that some of these people will not be able to face the future, which is very bleak indeed for them.

We do have a choice. We have the choice of not agreeing to the second reading of the legislation, and then we will have to face the consequences of that. Of course, the Government and Treasury will offer the usual line: If you do not pass it, farmers in other States will get compensation and ours will not, and the whole thing will be a disaster for the dairy farmers. Of course, that will not happen. If the legislation is not passed, the whole scheme will come to a crashing standstill and, hopefully, the Howard Government will be encouraged to re-examine the whole scheme—and I believe that would happen.

We must have the courage to resist those economic rationalists who are urging us to pass the legislation; we must say that we will not pass it. Otherwise, we should accept the Opposition's proposed additional clause to provide for extra compensation. If the Minister then wants to withdraw the legislation, let him do that. I suspect in any event that the Minister would not be altogether unhappy to be forced to withdraw the legislation. I am quite certain that many Labor members are very uncomfortable about this legislation, as the Minister indicated in his speech in the lower House. I am quite sure that other members of this House are most uncomfortable about the whole deregulation process, which they feel they are being forced into.

The Hon. Dr B. P. V. Pezzutti: The Carr Government? Crocodile tears!

The Hon. R. S. L. JONES: Certain members of the Carr Government are undoubtedly very uncomfortable about the deregulation process.

The Hon. Dr B. P. V. Pezzutti: Crocodile tears!

The Hon. R. S. L. JONES: I think they are probably genuinely concerned. They know what the consequences are for 800, 900 or perhaps 1,000 families in New South Wales.

The Hon. Dr B. P. V. Pezzutti: They can help. But what are they doing? They are just pouring out crocodile tears for the media. Where is their money to help these farmers?

The Hon. R. S. L. JONES: We will find out. If we pass the Opposition amendment we will find out whether any money is available. Yesterday we heard that the Government has allocated another $140 million for the Olympics—another $140 million going down the toilet! As Nick Greiner said this morning on radio, only $70 million of that allocation is required. Perhaps we can give the other $70 million to New South Wales dairy farmers, but even that would not be enough.

I return to the question of what will happen under deregulation. We already know that dairy farmers will receive as low as 27¢, or even lower, a litre. If the Victorian farmers get really geared up, the price may go down to 25¢ a litre or even 23¢ a litre. We do not know yet. It may go down to disastrously low levels. And there is no doubt that New South Wales will be flooded with Victorian milk and that our people will be drowned in the process.

What will happen to the dairy farms along the coast, particularly the high-value and high-productive land? The answer is, as an academic at the University of New England has emailed me, that as deregulation takes effect and producers are forced to get bigger, they will not be able to achieve more intensive production on their existing farms because the cows simply will not be able to travel greater distances. More intensive production will be required and dairy cows will have to be fed on grains. There will be more intensive dairy production, so that much of the land will not in fact be used for cows.

The Hon. Dr B. P. V. Pezzutti: You are summarising a four-page document in two lines, which is why it sounds silly.

The Hon. R. S. L. JONES: The honourable member knows what I am saying because he received the same the email message.

The Hon. Dr B. P. V. Pezzutti: I have the same document but what you have just said is silly.

The Hon. R. S. L. JONES: Perhaps the honourable member would like to read the email message into the record. Basically what will happen is that there will be intensification of dairying, there will be more feedlots and there will be problems with pollution control on those feedlots. In contrast to that, as the academic to whom I have referred points out, as cows wander around the paddock, they distribute their second-hand nutrients right throughout the paddock and that is good.

The Hon. Dr B. P. V. Pezzutti: I thought you were worried about methane.

The Hon. R. S. L. JONES: I am not greatly concerned about methane from cows or other animals, frankly.

The Hon. Dr B. P. V. Pezzutti: I thank the honourable member very much for saying that he is not concerned about methane.

The Hon. R. S. L. JONES: I am concerned about methane, but I am not as much concerned about methane as I am about other environmental impacts which are far more destructive.

The Hon. Dr B. P. V. Pezzutti: I will raise that at some time in the future when we are debating greenhouse gases. I will remember that one.

The Hon. R. S. L. JONES: There will not be fewer cows as a result of this legislation and there will be the same amount of methane after deregulation as there is now. This bill will have no impact on greenhouse gas production. There will be effluent disposal problems and there will be animal welfare problems because, as the academic to whom I have referred stated, the animals will be in a feedlot enclosure which is far less desirable than leaving them outdoors in open pastures. There will also be problems with maintaining the health of the animals and there will also be a greater use of antibiotics which may contaminate the milk. The tails of the animals will probably have to be docked and there will be many other animal welfare problems associated with feedlot dairies.

Feedlot dairies are not good for the animals and I suspect that they are not good for consumers, either, because they can put people at risk of infection or disease. Dairy farmers who are put under pressure may cut corners and may be forced to resort to a higher bacteriological content in milk, which is a comment that the Hon. Dr B. P. V. Pezzutti would also have read in the email message to which I have referred.

The Hon. Dr B. P. V. Pezzutti: I did.

The Hon. R. S. L. JONES: There are many consequences associated with the deregulation of the dairy industry which had not really occurred to me two or three years ago when at first I thought that deregulation was a good idea. I thought that deregulation should take place but, clearly, it will have effects that are precisely the opposite of what I envisaged two or three years ago. Economic rationalism has gone absolutely mad because it will put a lot of people out of business; it will be bad for the animals; it will be bad for the environment; and it will be bad for the people of New South Wales.

The Hon. Dr B. P. V. Pezzutti: How can a rationalist be mad? That is an interesting proposition, is it not?

The Hon. R. S. L. JONES: An irrational rationalist. The consequences of this bill will have exactly the opposite effect to a rational outcome. One might say that the people who proposed deregulation are irrational rationalists. One way or another, virtually every honourable member and every person in New South Wales is speaking against deregulation of the dairy industry. The question is: Are we going to pass this bill?

The Hon. Dr B. P. V. Pezzutti: We support the package.

The Hon. R. S. L. JONES: Members of the Opposition support the package?

The Hon. Dr B. P. V. Pezzutti: Yes.

The Hon. R. S. L. JONES: Members of the Opposition support the $337 million?

The Hon. D. J. Gay: It is a good package.

The Hon. R. S. L. JONES: Do you think that is enough?

The Hon. Dr B. P. V. Pezzutti: No.

The Hon. D. J. Gay: No.

The Hon. R. S. L. JONES: How much do members of the Opposition think will be enough—$760 million, perhaps?

The Hon. D. J. Gay: We cannot generate money bills in this House.

The Hon. R. S. L. JONES: No, but we can generate ideas. Is that not so?

The Hon. Dr B. P. V. Pezzutti: Yes.

The Hon. R. S. L. JONES: Maybe we have a few ideas. We will see what happens. Let us see how the majority of honourable members of this House react.

The Hon. Dr B. P. V. Pezzutti: How much do you suggest?

The Hon. R. S. L. JONES: I have not quantified it, but it should at least be equal to the Victorian package, should it not?

The Hon. D. J. Gay: There is no Victorian package.

The Hon. R. S. L. JONES: But $760 million will go to Victoria.

The Hon. I. M. Macdonald: It will force them out of their jobs. It is not just the money.

The Hon. R. S. L. JONES: Let us see what happens when honourable members are forced to vote at the conclusion of the second reading stage. We will then see who votes with whom. That might be a good idea. If the bill passes the second reading stage we will see who supports the amendment moved by the Opposition for an improved package.

The Hon. Jennifer Gardiner: Hear, hear!

The Hon. R. S. L. JONES: If Opposition members are really as concerned as I and, I believe, many honourable members of this House are about the dairy farmers, it will show when we are required to vote for the amendment. I will support the amendment.

The Hon. R. T. M. BULL [12.34 p.m.]: There is no doubt that this debate has established one fact, that is, everyone in New South Wales is against deregulation of the dairy industry. The other fact that is incontestable is that not much more can be done to stop what has been set in train by the Hilmer review that has been taking place in each State of Australia over the past few years. Several weeks ago in this House, honourable members addressed a number of these issues during debate on an urgent motion moved by the Hon. Dr A. Chesterfield-Evans but honourable members need to reflect on the history of the regulation to understand how it should be approached currently.

There is no doubt in my mind that the Victorians, who claim 64 per cent of all milk production in Australia, have influenced the decision to deregulate. Approximately two or three years ago when I was a shadow Minister I heard that a competition review of the dairy industry in New South Wales that was take place. I immediately wrote to the review panel and expressed my view—which was shared by other members of the Liberal Party and the National Party—namely, that in New South Wales the quota system and marketing arrangements that had been in place for many years, and which had served the industry, particularly dairy farmers, well should remain. All members of the Coalition were relieved when the report's recommendations were that the industry would remain regulated within the farm gate; that the quota system would remain; and that the status quo would remain unless a change in the national competition policy occurred or something happened in Victoria.

History shows that a national competition policy review similar to the one that occurred in New South Wales was undertaken in every other State in Australia and supported deregulation. During the most recent Victorian State election, it was a highly contestable election issue. The Bracks Government agreed to allow all dairy farmers in Victoria to vote on the proposal. That proviso was a big let-out for the Bracks Government because it intended to stop the process of deregulation. The Bracks Government was fortunate enough to have included in its election policy that the issue would be put to a vote by farmers, and that proved to be that Government's big let-out. When the issue was put to a vote by the farmers, it showed that 87 per cent of dairy farmers in Victoria wanted to pursue deregulation.

For that reason, all the States had to respond to a very serious threat to their current market milk arrangements. The Dairy Industry Council, which is led by Pat Rowley, had no alternative but to put to the Federal Government a proposal that would assist dairy farmers in the process of national deregulation. Many speeches that have been made in this place and in another place have documented that the Federal Government responded quite favourably to that council's recommendation and presented a massive package worth $1.78 billion which will be funded by a levy on milk sales. As the Deputy Leader of the Opposition pointed out, the levy will be borne by the dairy farmers but in the first instance by the consumers and people all along the retail line. Of course, when the buck has been passed down the line and there is no-one else left, the dairy farmer will be left to wear the 11¢. That was the package that was presented and this legislation will enact the package.

The only debatable matter that honourable members should consider at this stage is the amendment foreshadowed by the Coalition, namely, that the State Government of New South Wales should commit itself to assisting the industry, as its Western Australian counterpart has done. Honourable members should be aware that the Western Australian Government, which is a Liberal-National Party Government, has identified the need to supplement the package offered to Western Australian dairy farmers to the tune of $38 million.

The Western Australian dairy industry is much smaller than that of New South Wales, so the offer made by the Western Australian Government is quite generous. That Government has adopted a responsible position to assist its dairy farmers. The quotas in New South Wales have been established over many years, but those quotas will be completely worthless after 1 July. The quotas were established under State legislation; they are a product of the New South Wales Government, of whatever political persuasion it might have been at the time. The Government of this State has a responsibility to try to assist dairy farmers overcome the sudden withdrawal of their quotas, which have been an asset of considerable value. Quotas have been valued as high as $250,000 or more. Their value is now probably considerably less than that. With deregulation approaching, they would probably be unsaleable. However, quotas have been part of the dairy farmers' assets, along with their herds, farms and machinery. That asset will be taken away.

It is the important to reflect on the history of this issue. On all other occasions on which quotas have been removed, the government of the day has assisted with quota compensation. Only a few years ago milk vendors who wanted to exit the industry were assisted with a special package that was put together by the New South Wales Government—a Liberal-National Government at the time. That proposal was taken up by the incoming government, for it was being put together at around the time of a change in government. Labor adopted that proposal as an appropriate mechanism to assist vendors who were about to exit the industry because their part of the industry was deregulated.

I also reflect on assistance to the egg industry when it was deregulated. There is plenty of precedence for State governments assisting people when their livelihoods and quota entitlements have been taken away. Imagine what would occur if a State government were to deregulate the taxi industry without giving any recognition to the value of taxi plates. They have been valued at about $250,000; I do not know what their value is at the moment. The plate is part of the owner's asset. Imagine the hue and cry that would be raised if the owners of taxi plates were denied compensation.

The Hon. Dr A. Chesterfield-Evans: Powerful, but nameless, people are in the taxi industry though. We cannot get a list of them.

The Hon. R. T. M. BULL: We will be able to get a list of them after 1 July because the GST will force them to obtain an Australian business number, and we will then know a lot more about them. But that it is a red herring by the Hon. Dr A. Chesterfield-Evans. The real issue is that the State Government should compensate our dairy farmers. I do not see how the Independents, faced with the amendment that the Opposition has put forward, can deny that it is a totally responsible proposal to be put forward by a government of this State. It should be recognised by the Independents as an appropriate amendment for this House of this Parliament to visit on this legislation.

Apart from assistance to be given to our dairy farmers by the State Government is the side issue of the co-operatives that will be affected by the deregulation proposal. As the Hon. Dr. B. P. V. Pezzutti knows, Norco is in considerable financial stress, which will be compounded by deregulation. That will have serious financial implications for Norco. There are four dairy co-operatives in New South Wales: Hastings, Norco, Bega and Dairy Farmers. I suspect most of them will survive, but Norco, and probably to a lesser extent Hastings, are small operators that will probably need assistance from the State Government.

I hope the Parliamentary Secretary and the Hon. A. B. Kelly are listening to this debate on their monitors. I am talking about the need to assist New South Wales co-operatives, and the responsibility of the State Government to do that. It will have to come to the party to make sure that the co-operatives will not go down the drain because of deregulation. They are crying out, but it seems that their cries are not being heard by the Labor Government; they most certainly are not being heard by Country Labor. The real issues that we should confront today are the need for the Government to address the effects of deregulation on dairy farmers and compensation for them so that the co-operatives can be given some assistance over the next few months as they move into a deregulated environment.

The question is not whether we will stop deregulation, or whether we like deregulation. It is whether we can achieve a proper and a responsible deal for the dairy farmers of this State. That is the point that the Liberal and National Party are pressing in this debate, and why we are driving so hard on our amendment. It is all about getting an equitable outcome for the dairy farmers. It is about injecting a little bit of humanity into the faceless governments and bureaucrats that make these decisions from time to time. It is about showing a bit of compassion for people who will struggle over the next few years to come to terms with this deregulation.

This is about a State government doing what it should , that is, acting responsibly when such matters of deregulation are addressed. I urge the Independents, who I hope are also listening to the debate on their speakers, to think very seriously about the State Government's responsibility in this particular issue. I urge them to support an additional package. This package does not call for hundreds of millions of dollars; it is quite transparent. The Opposition has been quite responsible in the way that it has formulated the amendment. It is up for negotiation.

The Hon. C. J. S. Lynn: If they can do it for the oil industry, they can do it for the dairy farmers.

The Hon. R. T. M. BULL: Of course. At the dairy farmers conference dinner I met a number of dairy farmers. At that time the Minister had given some indication that he would be happy to look at a State government proposal to assist the dairy farmers in some extra way. It is time the Government put its cards on the table. I quote from the Minister's second reading speech:

> Mr Reg Smith, the President of the New South Wales Dairy Farmers Association, tells me he wants to put a proposal to me which may provide some form of structural adjustment assistance to dairy farmers in New South Wales. I am keen to hear what he says in this regard. I have invited him to come over to me and discuss the issue, and have given him an undertaking that I will see what I can do to help dairy farmers in this regard.

I would have thought that the amendment put forward by the Opposition today is sufficient, in terms of its structural capacity, to deliver whatever agreement Reg Smith and the Dairy Farmers Association can reach with the Government. The whole thing is embryonic. The amendment does not propose an extra $300 million, or even $1 million; rather it seeks to put into place a process whereby the dairy farmers and the State Government can sit down and work out ways to compensate for deregulation. This amendment will put in place structures to allow compensation to be considered under a committee arrangement. No doubt we will talk a lot more about this in Committee, but I urge the crossbenchers to support the National Party and the Liberal Party , to make sure that the dairy farmers get some equity, a fair go and a fair deal, and that we can inject some compassion into this debate.

The Hon. Dr B. P. V. PEZZUTTI [12.48 p.m.]: I spoke at some length about this matter just recently, but I would like to put a few matters on the record. When speaking about dairy industry deregulation in this House on 25 May the Hon. A. B. Kelly said:

> I wish to express to the House my disappointment and alarm at the campaign of deceit and misinformation currently being waged by the Coalition over the upcoming deregulation of the dairy industry.

Following on from that statement he said:

> For the benefit of the House , let me make it quite clear who is behind this dreadful deregulation plan: the Howard Government and the Victorian National Party ...

Talk about deceit! Talk about misinformation! This was from a member who should be trying to help but instead, even today, cries crocodile tears and uses weasel words. Who is responsible? My colleague the Deputy Leader of the Opposition outlined earlier precisely what happened. The Kerin plan was implemented as a result of this Government's actions to deregulate. I draw the attention of honourable members to the *Government Gazette* dated 24 December, in which the Dairy Industry Amendment Regulation 1988 was promulgated. Mr Amery promised dairy farmers that they would have regulation until the year 2003. On 20 May the *Northern Star* faithfully reported:

> North Coast dairy farmers are celebrating following the NSW Government's announcement that it will retain milk prices and the farm-gate price till the Year 2003.

The Government knew then what was happening. The article continued:

> However, farmers are celebrating the decision and are back in a positive frame of mind. I think it won't be long before we see them begin to invest again in their farm businesses ...
>
> The decision guarantees farmers their income and will be reviewed again in five years.

What deceit by this Government! It knew what was happening. On 19 November, a year later, the Dairy Industry Amendment (Farm Gate Deregulation Assistance Fund) Regulation was promulgated in the *Government Gazette* and $1.7 million was allocated over three years for counselling. That budgetary allocation was made to enable Government members to swap hankies. No counsellors have been involved. That money was allocated to pay for the Minister to travel around New South Wales and weep tears in the dust. Tears they might be, but dairy farmers on the North Coast are angry about the piddling amount of money that has been allocated by this Government to assist in a major restructuring of the dairy industry. The Hon. A. B. Kelly said that the Howard Government and members of the Victorian National Party were responsible for this legislation. I refer to the Hon. A. B. Kelly's classic press release dated 14 June, which states:

> The Tweed Heads National Party conference would be the first and final opportunity for the grassroots National Party branch members and State National MPs to tell their Federal leaders how dairy deregulation will hit their communities.

So far as I am aware, members of the National Party and Liberal Party have been talking non-stop about this issue for about seven years. Is the Hon. A. B. Kelly intimating that members of those parties have been asleep or something?

The Hon. Jan Burnswoods: Were you at the conference?

The Hon. Dr B. P. V. PEZZUTTI: The Hon. A. B. Kelly was not at the conference either, but he is now telling people on the North Coast that National Party members have not even discussed this matter. What deceit! The Leader of the National Party, the Hon. George Souris, many other Opposition members and I have written to our Federal colleagues. As a result of that correspondence the Federal Government has been prepared to show some leadership and to co-ordinate a plan. That plan now requires dairy farmers to pay for their lease structure. That is what they voted for and that is what they are likely to get. I have a letter from Keith Hamilton, MP, Labor Minister for Agriculture in Victoria, who is probably not a member of Country Labor. However, he might be a left wing, South Coast Labor member, or something like that. All members of the Labor Party have their own labels. On 13 June he wrote to the Federal Minister for Agriculture, Fisheries and Forestry, Mr Truss, in the following terms:

> I am writing to you to inform of the progress made towards deregulation of Victorian milk market arrangements.

The Hon. A. B. Kelly: Did Truss give you the letter as well?

The Hon. Dr B. P. V. PEZZUTTI: I assume that this letter has been made public. The letter continues:

> The Dairy Bill has passed through the Victorian Parliament without amendment and with the support of all parties and the Independents.

The dairy bill was passed by members of the Victorian Labor Party. Are they any different from members of the New South Wales Labor Party, or do they come under Kim Beazley? I support the views expressed by the Leader of the National Party. The floor price scheme, which was raised earlier by the Hon. A. B. Kelly, is a cruel hoax. The Federal Minister for Agriculture, Fisheries and Forestry said:

> Labor must therefore get the agreement of all the States, including the Victoria, Tasmania and Queensland Labor Governments to implement such a scheme. Country Labor must get on the phone to Premiers Bracks and Beattie and get their agreement to such a scheme before suggesting it to NSW farmers.

That is a cruel hoax and that is what it has been labelled by dairy farmers. People on the North Coast are angry. Members of the Labor Party are trying to muddy the waters. The Hon. A. B. Kelly, who comes from western New South Wales, would not have a clue about the dairy industry.

The Hon. J. R. Johnson: The New South Wales Labor Party supports North Coast dairy farmers more than any other group.

The Hon. Dr B. P. V. PEZZUTTI: I agree with the remarks of the Hon. J. R. Johnson about the old-fashioned Labor Party—the Labor Party that we used to have in New South Wales. A wonderful man called Don Day, through his determination and his sense of fairness, overcame a cartel arrangement. Two weeks ago I referred to this matter in debate in this House and I gave due credit to honourable members opposite. I am not deceitful. The Hon. A. B. Kelly, the Hon. I. M. Macdonald and the Minister are throwing bits of dust in the air to try to cloud this issue. They are being deceitful and they are damaging dairy farmers in country New South Wales. I am sure that the Hon. J. R. Johnson would agree with that statement.

Today the Hon. R. T. M. Bull clearly expressed the concern that he had after meeting with Norco. That company, which is concerned about this restructuring package, desperately needs to ensure North Coast farmers that there is a market for milk, and the long-term and viable production of ice cream and other milk products. The Government will have to allocate money to assist with the dairy industry restructure. The amendments moved by the Leader of the National Party—amendments that were agreed to by the Coalition—request the Government to allocate money in the long term to be used for this sort of restructure. The Treasurer said that the Olympic Games have been paid for. They have been paid for through the sweat and tears of country people who have done without health services, roads and education. They could do with that money.

The Treasurer was happy to set aside $140 million for a contingency fund, without asking why that money was needed. He just threw another $140 million into the air. The Treasurer should allocate $80 million towards the dairy industry restructure. That would be a reasonable start. More importantly, he has that amount of funding available to him as he receives $140 million every year from the Federal Government through the national competition assistance program—a policy commenced by the previous Federal Labor Government. The Treasurer was happy to use some of that money for western rice growers. Why does he not use some of that money to assist North Coast dairy farmers? He said, weeping, "Here is $3 million for counselling." What a joke!

If members on the crossbenches do not support this restructure package, they will be forever condemned by those in country New South Wales who will suffer as a result. I ask members on the crossbenches to examine this do-or-die legislation most carefully. The money is available and it should be used, otherwise 350 people in Lismore will be without jobs. Thomas George, the honourable member for Lismore, and Don Page, the honourable member for Ballina, have said on many occasions that 250 to 350 jobs will be lost tomorrow unless the Government allocates some money for this restructuring—which is what the Opposition is requesting through its amendment. I strongly support the Federal Government's intervention and assistance in this matter. This Government should contribute money towards the restructure of the dairy industry. I condemn those members of the Labor Party who have done nothing but cry and throw their hands in the air. At the end of the day they are not concerned enough to help to pay for this restructure package.

[*The Deputy-President (Reverend the Hon. F. J. Nile) left the chair at 1.00 p.m. The House resumed at 2.30 p.m.*]

The Hon. JENNIFER GARDINER [2.30 p.m.]: In speaking to the Labor Party's Dairy Industry Bill I note, as a number of previous speakers in this debate have noted, that deregulation of the dairy industry has been expected for some time because the Victorian dairy industry has been angling towards this moment for years.

The Hon. J. R. Johnson: Pushed by the National Party.

The Hon. JENNIFER GARDINER: The Hon. J. R. Johnson knows as well as anyone that the National Party has a very strong tradition of consulting with primary producer organisations, and that has been one of the fundamental mechanisms by which it has operated over the past 80 years. As well, the domestic market support scheme is due to conclude at the end of this month and that, combined with a number of international forces and the global economy, has built pressure for deregulation of the farm gate price for market milk.

In 1986, when there was a Labor Government in New South Wales and a Labor Federal Government, the dairy industry signed off on the Kerin plan, which charted a course aimed at changing the dairy industry from one that was focused on the domestic market to one that was focused on the export market. It was a 14-year plan to turn the industry into an internationally competitive industry producing bulk commodity dairy products. The Victorian industry seized that objective with alacrity and increased its production from 3.5 billion litres to over seven billion litres.

The Victorian producers have become increasingly impatient with what they see as a commercial disadvantage being inflicted upon them by continued regulation of the market milk sector. The largest organisation representing the interests of the dairy farmers in Victoria resolved at its 1998 conference to achieve an agenda whereby market milk deregulation would be in place by July of this year—a matter of days from now—and that is essentially why this debate is occurring here in June 2000.

Of course, the Kerin plan was framed at a different phase in the evolution of contemporary economics, a time when economic rationalists ruled with an iron rod. That is a time when I would suggest that the contemporary National Party under the leadership of George Souris and John Anderson has been strong in winding back. I intend to spend a couple of minutes reflecting on the evolution of economic theories underpinning policy in the 1980s and the 1990s. John Carroll of La Trobe University defined economic rationalism in the publication "Shutdown, the Failure of Economic Rationalism and How to Rescue Australia":

> "Economic rationalism" is a ... term for a school of economic thinking otherwise known as "laissez faire" or "neo-classical economics". It traces its parentage back to Adam Smith and his 1776 classic, *The Wealth of Nations*. Its modern proponents include F. A. Hayek, Milton Friedman, and the vast majority of academic economists.
>
> A prosperous economy depends on efficiency, and the greatest efficiency occurs when open competition in a free market determine outcomes. Internationally this means free trade, or what has [recently] been given the metaphor of the level playing field. The moment outside agencies intervene they create distortions, and in the end lead to efficient industries being robbed in order to prop up inefficient ones.

Or so the theory goes:

> Economic rationalism is a sub-species of the philosophy of liberalism, with its stress on the autonomous individual and one ultimate value, which is "freedom". It applies the same radical philosophy of removing all constraints, of freeing-up, to economic activities. Recently it has turned to summing up its guiding principle as *deregulation*.

Of course, deregulation is the topic of the bill before the House. As John Carroll pointed out:

> By the 1980s ... a new mandarin caste of fanatical, free-market economists had taken over the top levels of the key policy-making departments in Canberra bureaucracy Treasury, Finance, and Prime Minister's. The way had been prepared since the late 1960s by a rationalist Tariff Board, which Whitlam had expanded into the IAC, later renamed the Industry Commission. They were, in true mandarin style, more devoted to the purity of their theory and the clean workings of its logic than to looking with open eyes and some intellectual scepticism at what reality was telling them. The Treasurer at the time, Paul Keating, spoke year after year of the "beautiful trend upwards" that was about to appear. It never appeared. The vital new industry exporting to the world was not being built. As a result, the nation witnessed before its eyes the black cloud of economic rationalism casting its pall over the economy and its future.
>
> The Treasury could not have mounted this crusade in the 1980s without the political fortune of having gained Paul Keating as its spokesman, by far the most forceful personality and most effective debater in the Hawke Government. Keating dominated Cabinet and kept other Ministers who had doubts about the direction of policy subdued.

I think it is worth putting the Kerin plan into its proper Keating context.

The Hon. D. J. Gay: Keatingesque.

The Hon. JENNIFER GARDINER: Keatingesque indeed. It is important that the record shows that whilst a few ALP members come into this Chamber to shed crocodile tears about the dairy industry, it is their hero, Mr Keating, who strode like a colossus across the stage effectively setting up today's outcome. It is interesting to note that it was none other than John Kerin himself who was one of the spectacular victims of the dominance of economic jargon in Australian political debate during the Keating era. As Julianne Schulze, a UTS media academic, wrote in a series of essays on "The Trouble with Economic Rationalism"—and honourable members will recall this story about Mr Kerin and the Kerin plan:

> It could be argued that he was removed as Treasurer, in part, because of his lack of mastery of the jargon of economic rationalism—a jargon that is almost incomprehensible to most Australians, but one which the press gallery has adopted as its own.

In an essay entitled "Why hasn't the media done its job?" Julianne Schulze said:

> As I listened to the live press conference of Kerin announcing the December 1991 economic indicators and stumbling over what precisely GOS was, I thought that this would be the test of the strength of orthodoxy. As some members of the gallery called out to the flustered Treasurer that GOS was really profits, others were preparing their bullets. That night on the ABC TV news Jim Middleton showed the embarrassing footage of Kerin's stumble, and then smugly turned to the camera and said, as though it was known to every primary school child in the country, that, "Actually, Mr Kerin, GOS is gross operating surplus". Within 24 hours Kerin was no longer treasurer. But how many people are any the wiser about what GOS is and what it means?

Julianne Schultze asked that in her critique of the media's role in uncritically weaving the jargon of economic rationalism into their everyday reporting of economic stories in this country. The Australian Labor Party is in this debacle up to its neck—from Whitlam, to Hawke, to Keating, to Carr. Of course, there is also the role played by the Bracks Labor Government in Victoria, which just happened to be elected at a critical time in this debate. The New South Wales Labor Party's disinterest at the highest level in the current dairy debate was best illustrated when, on 31 May, my colleague the Hon. R. T. M. Bull asked a question of the New South Wales Treasurer in this House. He asked:

> In the event that the Government agrees to a Dairy Farmers Association proposal for a 3¢ a litre price support payments scheme to help dairy farmers survive the deregulation of the industry, what provision has the Treasurer made for the $28 million required to meet the cost of such an agreement?

The Treasurer answered:

> I have made no provision for the amount. This is a demand from someone, is it?

The Hon. R. T. M. Bull said:

> No, it is an informal agreement between your Minister and the Dairy Farmers Association as of yesterday's conference.

The Treasurer said:

> I am not aware of anything arising from yesterday's conference …

In other words, nobody from the Australian Labor Party or its faction, Country Labor, could be bothered to take enough interest in this deregulation topic to ring the Treasurer to find out whether such a proposal could be accommodated from the funds at the disposal of the New South Wales Treasurer. As for the ALP's crocodile tears and its belated interest in this important issue, let us look at the immediate context of this debate in the Legislative Council. Yesterday some matters of controversy internal to the Liberal Party generated a media feeding frenzy. ALP strategists took the opportunity to have the Treasurer slip in another $140 million to the SOCOG budget for the Olympics. This was just a month after the Government said the Olympics had been fully paid for.

The Council of Social Service of New South Wales quite rightly pointed to the peculiar priorities of the Carr Government. Whether there are problems in the dairy industry, hospital waiting lists or the transport system, the Olympics always ends up being the winner. To make this announcement in the middle of the debate on the dairy industry indicates clearly that either the Country Labor faction has no input into the Government's strategic thinking on a day-to-day basis or, on the other hand, if it does have input it is totally insensitive to the emotions in the dairy industry at this time.

When word spread about the Treasurer's latest bailout of the Olympics, in contrast to the Government's miserly treatment of the State's dairy farmers, I could not help thinking of Norman Lindsay's wonderful creation, *The Magic Pudding*. The magic pudding was described in the book as a "very rare Puddin'", a "cut-an'-come-again Puddin'"—just like the Olympics budget. *The Magic Pudding* contains the following wonderful words:

> … whenever they stopped eating the Puddin' sang out "Eat away, chew away, munch and bolt and guzzle,
> Never leave the table till you're full up to the muzzle.

Bill Barnacle revealed:

> That's where the magic comes in. The more you eats the more you gets.

The Hon. D. J. Gay: There he is, Bill Barnacle—Michael Egan.

The Hon. JENNIFER GARDINER: Old Bill Barnacle. He went on:

> Cut-an' come-again is his name, an' cut an' come again is his nature.

Not only is *The Magic Pudding* parallel with the SOCOG budget—which puts its hand up for more and more of the taxpayers money—but the tactic adopted yesterday to try to sneak through the $140 million bailout is also parallel with the *Magic Pudding*. As Bill Barnacle said:

> The trouble is that this is a very secret, crafty Puddin'—

The Hon. D. J. Gay: This is the lot that gave them $70 million too much, but will not give anything to the dairy industry.

The Hon. JENNIFER GARDINER: The Deputy Leader of the Opposition has it dead right. Bill Barnacle said:

> The trouble is that this is a very secret, crafty Puddin', an' if you wasn't up to his games he'd be askin' you to look at a spider an' then run away while your back is turned.

That is exactly what yesterday's scenario was. To quote Bunyip Bluegum:

> Treachery is at work … Its one of the most frightful things that's ever happened.
>
> "It's worse than bein' caught stealin' fowls" said Bill,
> "Its worse than bein' stood on by cows", said Sam.

As far as I am concerned, that sums up the Labor Party's strategy surrounding this debate. Some base points in this debate need to be restated. First, dairy deregulation is the province of the State jurisdiction. Second, the Bracks Labor Government in Victoria has led the way and the national competition policy under a Labor government is the backdrop to the whole debate. The next point that needs to be restated is that the National Party and the Commonwealth Government have facilitated the largest ever industry adjustment package—$1.74 billion—funded by a levy on consumers. Without doubt, that is the largest structural adjustment package ever put together or ever conceived by any government in the history of this nation.

The Commonwealth package must be applied across the nation, not to only part of the Commonwealth. The National Party in the Western Australian Government, however, has topped up the Federal National Party package with a $38 million adjustment package. That is testimony to the fact that the National Party is in the Government of Western Australia. As my colleague the honourable member for Kennedy, Bob Katter, said yesterday—

The Hon. M. R. Egan: Is he your colleague?

The Hon. JENNIFER GARDINER: Sometimes he is a mate of mine. Yesterday Mr Katter said of the New South Wales deregulation process:

> This carnage is all caused by the ALP. This train crash is due to the ALP.

The Hon. J. R. Johnson: When all else fails, blame Labor.

The Hon. JENNIFER GARDINER: It is certainly deserving of blame in this instance. Sometimes I do not agree with Mr Katter, but on the role of the Australian Labor Party in dairy deregulation he is certainly right. I was happy to hear the Hon. R. S. L. Jones say he will support the amendment of the National Party and the Opposition to improve the provisions of the Dairy Industry Bill. I hope other members of the crossbench will join the Hon. R. S. L. Jones and others in supporting the Opposition by voting for that amendment to provide a better outcome for those 1,800 people directly involved in the dairy industry as well as for those communities that depend so significantly on the dairy industry and have done so for generations.

The Hon. Dr A. CHESTERFIELD-EVANS [2.48 p.m.]: The Australian Democrats see this legislation as a wasted opportunity. It is a waste of taxpayers' and consumers' money and it is a waste of an Australian industry. In Europe farmers are subsidised to maintain the quality of their farms and even the aesthetic quality of their historic stone walls. An article in the 15 June edition of the *Land* by Cameron Morse entitled "All alone in our free trade push" shows that Australia and Turkey are the only countries out of the 29 member states of the Organisation for Economic Co-operation and Development that have continued to reduce subsidies or have provided bigger research and development tax breaks to primary producers. Australian farmers receive 6 per cent of their farm income from the Commonwealth Government's price support mechanisms.

Farmers in the United States of America receive 24 per cent. France, Belgium, Japan and America—large and powerful industrialised economies with higher gross domestic products than Australia—continue to

subsidise inefficient primary producers to please domestic political interests. While it has been tough, and rationalisation has caused a number of casualties, Australian farmers are the most efficient in the world. They are paying a lot for this, and it is really hurting.

Although Victorian dairy farmers have been touted as very well off in all this and are set to sweep across the border into New South Wales, many of these farms are marginal. Even if only 7 per cent of their milk is market milk, the difference in price—if that price approaches the price of manufactured milk—will still force many farmers out. The continual drop in prices has effectively meant that farms which carry debt have been unable to survive, and those that have survived have often written down and run down their assets to a large extent. The sad reality is that Australia is behaving like a third world country—partly because we cannot afford subsidies at the same levels as those in developed countries. But we must do better than that in terms of what we can afford.

We need an overall strategy and we need to face reality. To a large extent these are Federal issues, but they need to be stated in this Parliament. It is simply not good enough to say that it is a Federal issue and it is all too hard. The first step in fixing our country is to acknowledge the problem. What worries me is that Australian governments simply will not do that publicly. This example of a simple, complete capitulation in the face of a market in which the oligopoly behaviour of producers and retailers is driving farm prices down and consumer prices up is totally against the interests of most Australian people.

I do not believe, either, that it is in the interests of the Australian economy. Yet Federal and State governments say that deregulation is inevitable and nothing else can be done. That is simply nonsense. The Kerin plan of 1986 tried to make the Australian dairy industry an internationally competitive industry. It made dairy farmers reach the subsidised price of the corrupted world market. Yet the danger in such corrupted markets is that as soon as they are set at the marginal price for the most efficient farmers, the European Community [EC] or America simply raises the subsidy if a significant number of farmers manage to produce at marginal cost. They then simply lower the world price further—and that is the danger—just as the Victorians are doing, at huge cost and with huge sacrifice, reaching a price at which they produce milk with virtually no profit for themselves.

The price is then lowered further in terms of the subsidy to the EC or America, which then effectively lowers the price even more, putting more stress on the efficient third world producer. The development towards the globalisation of trade is important and needs a national strategy, vision and leadership. That is sadly lacking from the Howard Government. My colleague Senator John Woodley said in a parliamentary speech in October 1999:

> There is no doubt that there is commercial pressure coming from the large processors. There is also no doubt that there is a transfer of income out of farmers' pockets into the pockets of the processors and the big supermarkets …
>
> I am disappointed that there is not more political will to confront those market forces which are so destructive of farmers' incomes and rural communities. Deregulation of the dairy industry will have significant impacts on individual farmers—both in terms of falls in income and in a drop in the value of capital assets—and the communities in which they live. These impacts must be addressed by Government.
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> … I am appalled that we are once again faced with a decision which will further erode rural communities and reduce the profitability of farming businesses. I say that I am appalled because it seems that there is little political will to resist the forces that are driving this process. It is a process that has been going on for decades and no political party, including my own, has been able to stop it. We have seen a decline in rural populations for some decades; we have seen, with some outstanding exceptions, the profitability of farms declining …
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> In the reports … we received, these market forces were identified as national competition policy, the global market and commercial realities. I am concerned that we, as politicians, put ourselves forward to represent rural communities, and then we have to say that these are forces which we cannot resist. One has to ask the question: if that is so, if we are able to resist forces which are driving the process of degradation of rural communities, surely we should question whether we should put ourselves forward … that the Chief Executive of (a milk processing company) … with his base salary and bonuses added to it … now receives over $1 million a year in salary. Yet he is asking farmers to live on welfare. I believe that is an obscenity …

It should be noted that the National Party, when it was known as the Country Party, under the leadership of Jack McEwen, set Australian policy in the interests of country people. However, the Nationals are now the tail on the Liberal dog, holding barbecues to act as the country's friends but merely giving the numbers to the economic rationalists against the interests of their constituents. It is amazing that they support such a decrepit group as the New South Wales Liberals. When John Howard, or his hastily arranged successor, is dumped at the next Federal election, I hope that the Nationals will consider leaving the Coalition and stand up for country people and put more variety into Australian politics, away from the decadent duopoly that is steadily losing favour with the Australian electorate.

The electorate is steadily increasing the non-major vote because of foolish scenarios like this dairy deregulation fiasco. Unlike the National Party, the Australian Democrats have always fought to protect the interests and viability of regional and rural communities. Unlike the National Party, we opposed scrapping tariffs on sugar cane imports in 1996. Unlike the National Party, we voted against lifting trade barriers on imported cooked chicken, salmon and pork in 1988. We lobbied the Coalition to follow World Trade Organization import guidelines, but to no success. Unlike the National Party, we voted against selling Telstra, and we forced the Federal Government to restore tax deductions to farmer co-operatives.

The Australian Democrats were instrumental in setting up the Woodley inquiry to look into deregulation of the dairy industry. It is sad that the Labor members of the committee would not write their summary until the results of the Victorian election were known. When the results were known, they noted that the deregulation was inevitable, which is not what the bulk of the report stated. That was because the Brack Government did not want to be held responsible electorally for the problems that deregulation would create in Victoria. The United Dairy Farmers of Victoria may well have been dominated by processing interests, but they were asked the question: If deregulation is inevitable, do you want compensation? That was effectively asking whether they want a lifeboat if the ship is about to sink. Two questions should have been asked: First, do you want deregulation; and second, if there is deregulation, do you want a restructuring package.

The farmers organisations sold their members down the river, partly because the summary of the Senate inquiry stated that deregulation was inevitable. Other honourable members will have to speak about the role that the processors played within the organisations because I do not have inside knowledge of that. However, I can say that the question posed to the New South Wales farmers was similar to that posed to the Victorian farmers. The question was: "Do you wish the DFA to request the New South Wales Minister for Agriculture to remove market milk regulations in New South Wales from 1 July 2000 so that you may participate in the Australian Government's dairy adjustment package?" This is another sinking *Titanic* question. Only the yes case was effectively put until the dairy farmers heard the no case for deregulation at meetings in Dorrigo, Kempsey and Casino, and the vote was no.

Unfortunately, that was late in the voting process, so the die was already cast; too many yes votes had already been received. The vote results have come in from the Western Australian Electoral Commission. New South Wales has had only a 34 per cent return so far, 80 per cent of which want no deregulation. In Queensland, 85 per cent of the 45 per cent return want no deregulation. In Western Australia the return is 80 per cent and the vote has not yet been tallied. These significant votes are being held by the Australian Milk Producers Association, which would seem to be replacing the Dairy Farmers Association. The Dairy Farmers Association is losing numbers because the farmers see that the deal worked out for them is not in their interests. This Parliament should be interested in the farmers' vote as their futures are at stake. It is great contempt for farmers not to take an interest in their opinion.

The Hon. D. J. Gay: But it's too late. Deregulation has already happened in Victoria. Don't you understand? Doesn't anything get through to you?

The Hon. Dr A. CHESTERFIELD-EVANS: The question is what the farmers want. Clearly, that is important. They are the people whose lives are on the line.

The Hon. D. J. Gay: No-one wants deregulation. But it has already happened in the Victorian Parliament, you great goose!

The Hon. Dr A. CHESTERFIELD-EVANS: So you do not even want to know what their opinion is? These are the people whose lives you are making decisions about.

The Hon. D. J. Gay: And you are being trusted with their lives.

The Hon. Dr A. CHESTERFIELD-EVANS: And you are here putting on a show but not actually delivering for them. The referendum asks whether people want dairy deregulation, and certainly the results suggest very strongly that they do not. That needs to be taken into consideration by this Parliament and by the Federal Parliament, which needs to think of some better solution than it has thought of thus far. There is no particular hurry for the introduction of the legislation because the restructure package will not come into effect until 3 October. If this legislation is not passed, it will send a message to the Commonwealth Government that a better plan must be implemented. It should be noted that the Western Australian Parliament is not rushing its legislation on this subject, for this reason.

The package is effectively a cross-subsidy to Victorian dairy farmers, because they will make more money than they currently get, as they come across the border to sell their milk and take markets from New South Wales dairy farmers. The Hon. R. S. L. Jones said today that the price of a litre of milk has risen from $1.16 to $1.38 since the farm gate price was deregulated. All I can say is that today I went into Clancy's supermarket in the AMP building at Circular Quay and the price of a litre of milk was $1.50. Interestingly, 600 millilitres of milk was $1.04, and 600 millilitres of warm Mt Franklin water was $1.09, or $1.25 if it was cold. So the water out of the fridge was 19¢ dearer than the milk. For someone who has great faith in the market to deliver value to consumers, it is a bit of a turnaround. Amatil, the ex-tobacco company and now junk food company, has sufficient market power as an oligopolist to make water more expensive than milk. If that is the case, surely some regulation would not go astray. The market is not looking after consumers.

The retailers and processors have raised milk prices since the farm gate price was deregulated, and milk vendors have lost their 5¢ a litre or so that they received to distribute the milk. The vendors owned areas of territory similar to newsagencies and delivered in their territories. They needed the profits of the big deliveries to be economic, but because of the cross-subsidy every little shop and a lot of domestic customers could still get their milk. But the milk vendors disappeared. They were offered compensation for their quotas. A few of them tried to buy other runs, but those runs have not prospered because the big retailers distribute themselves under the existing arrangements, so some areas no longer receive milk deliveries and are forced to buy UHT heat-treated milk instead. Milk is also delivered closer to its use-by date than previously, because there is no special delivery of milk to supermarkets. So much for the market: the quality of the milk has gone down.

The restructure package offered by the Commonwealth places an 11¢ levy on market milk to the consumer. The National Dairy Industry Adjustment Package is estimated on the basis of each litre of 1998-99 market milk receiving 46.23¢ a litre and manufacturing milk receiving 8.96¢ a litre. This is spread over eight years for people staying in business, or three years for those who are not. The Federal Government is not paying anything; it is a consumer levy. The Government gets a lot of it back in tax. Yet the retailer and the processors' share of the increased price has increased. Farmers go broke, consumers pay more, and the Government gets more tax. This is the Government's idea of good market economics. John Cleese and John Clarke, where are you? The average payment per farm in New South Wales is $169,406, and the average payment per farm in Victoria is $95,061. However, the average payment per litre for milk will be higher in Victoria because of that State's structure of market milk versus manufactured milk.

The Opposition will move an amendment to provide some money to farmers through committees, but it does not indicate the amount of the package. The New South Wales State Government, which gets $156 million to implement national competition policy, should put some of that money into helping the farmers. Yesterday the New South Wales Government gave $140 million to the Olympics. SOCOG responded by saying that, despite all the ticketing fiascos, it only needed $70 million. Perhaps that lazy $70 million that has been promised just in case, which seems to be not needed, could be put to use. On the other hand, the New South Wales Government says that if the Opposition amendment is supported—which will ensure that the State Government provides some money to the dairy farmers—the Government will withdraw the bill. Is this simply because the Government insists that the power lie in the back rooms of the Cabinet and not in the elected Parliament, or will the Government give us an alternative and better explanation?

If this bill is not passed, the Federal Government will have to come up with a better package—or at least a better-directed package—or face the electoral consequences. The Federal Government is playing phoney politics. It is pandering to economic theories that do not work. It is basically providing a package which is just socking the consumer without putting in any funds federally. In fact, the Federal Government will make quite a lot of money from the package in the form of extra tax. As if that is not enough, the New South Wales State Government is putting absolutely no money into the package, and it is now threatening not to accept an amended bill. All that can be said about both the Federal and State governments, I believe, is that they have not really contributed or done very much.

The New South Wales Nationals—who filibustered in the debate on my motion on 2 June because they did not want to vote on it—have now put up an uncosted amendment. Do they expect to lose? If so, they can say, "Well, we tried." If the amendment is agreed to, and the Government withdraws the bill, the Opposition can still say, "We tried." These are great gestures, but the Opposition has to come up with a better plan than this. It really must twist John Howard's arm to get a better deal at the Federal level, rather than simply being, as I said before, the tail on the Liberal's dog.

The Australian Democrats position is clear. We support the amendment of the National Party because we believe that the farmers should get some State money. We do not support the bill, as we believe that pressure

needs to be put on the Howard Government to get help. We believe that that is necessary for the Howard Government to improve its offer, and we believe that this will put pressure on the Howard Government to do that. There is time, because the Howard Government is not putting any money in until 2 October in any event. We do not accept helplessness in the face of the market. We believe that this means that there should be planning, and it is simply not reasonable to say that planning is not possible, given that processors and retailers will get a hugely increased slice of the cake at the expense of both consumers and farmers. We believe that farmers can and should be helped, and that is the way we will vote.

The Hon. J. H. JOBLING [3.08 p.m.]: I join in this debate because of the extreme concern I feel for my friends and colleagues in the dairy industry, particularly those who live in the Hunter area. I must say that the contribution to this debate made by the honourable member who preceded me in this debate, the Hon. Dr A. Chesterfield-Evans of the Australian Democrats, reminded me of *Alice in Wonderland* because in that story, everything was going to be fixed but everything was also completely destroyed and there was no way of undoing what had been done. Without doubt, many cruel hoaxes have been perpetrated in this debate.

The Hon. J. J. Della Bosca: Do not talk like that about the Deputy Leader of the Opposition.

The Hon. J. H. JOBLING: Whether honourable members like it or not, deregulation has taken place in Victoria. My colleague the Deputy Leader of the Opposition put the Coalition's case most forcefully and eloquently when he spelled out in great detail precisely where this Government is going wrong and why the amendment he foreshadowed should be accepted. I assume that because the Special Minister of State is a kind, sympathetic and understanding person—or at least that is what he would have us believe—he will accept the amendment without any hesitation, but we will see what happens. Or is he part of the hoax too? Wonders never cease, and in this debate that may prove to be the case.

The suggestion by Labor and its new-found clone, the so-called Country Labor party, of a national floor price scheme for milk is misleading, it constitutes a hoax, and without doubt it could harm farmers who are silly enough to fall for the rhetoric. A national floor price will be of no help to dairy farmers. It cannot be implemented and, quite frankly, because Victoria already has deregulated, the stage has been reached when means and ways must be found of looking after people who have spent a lifetime in the dairy industry. Many who purchased a quota have bought other quotas to build up their herds, their production capacity and their income.

Under deregulation the price of whole milk, which presently stands at 53¢ per litre, will decrease considerably. Producers of processed milk would prefer a price in the range of 22¢ to 27¢ per litre, which is an appalling outcome. It will wipe out family farms and dairy farmers who for generations have been expert in their field and proficient and efficient milk producers. It has been suggested that the Federal Government has some part to play. I remind the House that dairy regulations are a State matter. They are dealt with by individual State governments. not by the Federal Government.

I have conferred with my federal colleagues and, despite considerable investigation and inquiry, I have been unable to find any Federal Government legislation that has been passed with the object of deregulating the dairy industry. While speaking to my federal colleagues, it was made eminently clear that there has not been any intention on the part of the Federal Government to do so: Nor has there been any intention on the part of the Federal Government to repeal any laws already in existence to bring about that result. Let me dispel what is nothing more than a myth. Any attempt to peddle that myth during this debate is an indication of a desire to perpetrate a great hoax. The fact of the matter is that Victoria has deregulated its dairy industry and has forced the issue. Like the Huns and the Visigoths, the Victorians are waiting to storm the gates at the border.

The Hon. J. J. Della Bosca: Are you the gladiator?

The Hon. J. H. JOBLING: It appears, as the Minister says, that this Government is doing its best to help the Victorians. Members of the National Party are prepared to stand up and be counted and are prepared to attempt to assist the industry, but I would be interested to see what the Government intends to do. Among its huff and puff, I suspect that members of the New South Wales Government are quite happy to do nothing and will, in fact, let the good people involved in the dairy industry go to the wall. Will this Government look after the dairy farmers? I believe not, and I challenge the Special Minister of State, if he and Country Labor are genuine, to support the amendment foreshadowed by my colleague. Of course, I know what the response will be. The Minister will wimp out without any hesitation.

Putting aside the regrettable circumstances that have led to deregulation, it is necessary to examine ways of assisting dairy farmers to obtain access to the dairy industry adjustment package which the Australian Government has agreed to provide. The New South Wales component of that package is $337 million. The great dairy industries of the Hunter, the North Coast and the South Coast will be badly hurt. A minimum of 600 dairy farmers will be adversely affected by deregulation and will find themselves going out of business. The number of people associated with dairy farms in this State could be estimated to range from approximately 1,200 to 2,000 throughout the areas I have mentioned. Their livelihoods will be lost and the flow-on effects upon local economies will be disastrous.

The commonly applied multiplier effect is four times the number of farms affected, which means that the total loss of jobs as a result of deregulation of the industry will be many thousands. This bill is therefore hardly designed to support regional and country areas of New South Wales. It will do nothing to develop regional areas; it is simply a fact that approximately 5,000 people will find themselves on the unemployment scrap heap after the 600 dairy farms go out of business. This State cannot afford that and we must do something to attempt to turn that situation around.

I have no doubt that competition policies are very useful in some areas but I genuinely question the effectiveness of national competition policy in relation to agriculture, and I am yet to be convinced of its benefits. It is quite clear, at least in respect to the dairy industry, that it will not benefit farmers and country people in New South Wales. I suggest that the argument that milk will be cheaper for consumers in the long run is absolutely and totally fallacious. Farmers and producers have been squeezed and they will be squeezed yet again. The profit margins will be transferred from dairy farmers and local producers to processors and retailers that are controlled by large corporate organisations. The processors and retailers will decide whether to accept a dairy farmer's milk, and if so how much and at what price. I am confident that the price of milk will not decrease but will increase.

During an earlier contribution to this debate, much was made of the deregulation consultation process. I have been fortunate to obtain the Australian Milk Producers Association ballot results for New South Wales. It is interesting to note that of 1,800 ballot papers, 600, or 33 per cent, were returned. That means that 83 per cent of cast ballots were not in favour of deregulation and 17 per cent were. Overall, a minority of votes in a minority of the ballots that were returned favoured deregulation but 70 per cent of the industry said no. It is not the case that dairy farmers wanted deregulation. They have been forced into this quite impossible position.

The Hon. D. J. Gay: Nor do most honourable members in this House want it, but that vote does not make any difference because deregulation has already occurred in Victoria and in Western Australia.

The Hon. J. H. JOBLING: As my colleague the Deputy Leader of the Opposition quite rightly points out by his interjection, deregulation has occurred, and New South Wales now has to deal with a virtual fait accompli. This State is confronted by deregulation and, quite clearly, the Victorians will push it, no matter what. Deregulation is something that the honourable members of this House do not like but the reality is that the package cannot be destroyed. I urge honourable members to support the amendment that will be moved by my colleague the Deputy Leader of the Opposition in an attempt to provide reasonable assistance to dairy farmers. It does not appear to be common knowledge among the honourable members who have participated in this debate—particularly the honourable member who preceded me, the Hon. Dr A. Chesterfield-Evans—but the Western Australian State Government has provided assistance to its dairy farmers.

Representatives from Norco Co-op Ltd have sent delegations to see me and the Special Minister of State, as well as many other members of the New South Wales State Government in an effort to explore the implications of the deregulation of the dairy industry at a major manufacturing level. In addition, I have received many, many personal notes and letters from people in the dairy industry. People have telephoned me to express the concerns they hold for members of their families whose livelihood is threatened by deregulation. This legislation represents an attempt to save something of the livelihoods of people involved in the dairy industry. I implore members of the Government to support people involved in the dairy industry. As I said earlier, I challenge the Special Minister of State to demonstrate his professed genuine concern by supporting the amendment that will be moved in Committee by my colleague the Deputy Leader of the Opposition. I endorse the remarks made by the Deputy Leader of the Opposition and I support the comments made by my Coalition colleagues who have participated in this debate.

Ms LEE RHIANNON [3.19 p.m.]: This is an extraordinary piece of legislation. It is also a sad day that we have to consider it because, as many honourable members in this place and in the Legislative Assembly

have identified, this will be a further nail in the coffin of so many rural communities. Many communities in the north and the south depend on the ability of their dairy farms to attract tourists to their areas. Indeed, many tourists go to those areas because they can see well-kept and productive farms. The farmers and their communities do not know what will happen to much of the countryside.

Those who have listened to the debate must acknowledge that much of it has been political shadow boxing. The Nationals really have been attempting to claw back some of the political territory that one must say they have lost forever. Country Labor has been literally flexing its muscles, as it eyes off more and more country seats after having convinced itself that it can repeat what it achieved in Darling-Murray. Whilst I do not dispute that many individuals have great empathy with the plight of the farmers, there certainly is a deep political motive behind much of what has been said in this debate. Then we come to the Liberals. Basically, one would have to say that they really do not even cut it in this debate. So it must be said that this has been one of those occasions in this place where one really has to read the subtext of what has been said.

The Greens have no choice but to vote against this legislation. At the moment New South Wales has a largely profitable regional dairy industry, but that industry will effectively be decimated. The effects on regional New South Wales, as well as the environmental impacts, will be considerable and regrettable. Further down the track I am sure this House will debate what measures need to be taken to rectify the many unforeseen problems that will flow from these measures. I was recently in New Zealand, and I would like to share with honourable members some developments that are occurring there. Our dairy industry could and should be following that lead.

At the moment, around the world, more and more markets are opening up for clean products, by which I mean products that have been produced organically and do not contain any genetically engineered component. At the moment there is a dearth of milk products that are organically based. This is an area that is waiting to be opened up. What could happen here is that, by gradually changing the forms of support for the dairy industry, more and more farms could convert to organic production. Markets for that type of milk product would then go through the roof. A wide range of factors define the profitability of dairy farms: the region, soil characteristics, farm management and of course financial circumstances. Many of those are not influenced by the production system, whether that be organic or conventional.

Once converted to organic production, with time and as markets build up, the industry certainly does become more profitable. Although milk production per hectare tends to be lower on many organic farms, the gross margin per hectare tends to be higher on organic farms. The reasons are consistently lower production costs. Fertiliser and animal health expenditures are the most prominent factors that tend to decrease dramatically in organically managed dairy farms. Characteristics of organic dairy farms that influence profitability are lower stocking rates and a low input system. Low input is not synonymous with low production.

New Zealand found that one reason for decreased milk production per hectare is the current lack of certified organic feed and grazing. I understand that we have a similar problem. That is why we need long-term planning. Whilst for the immediate future we would not be able to meet demand, in time, particularly as we are an island continent, we could build up a fantastic organic industry and reap the benefits of that. In conclusion, I think it is worth recalling the words of the Minister in the Legislative Assembly on the future of the dairy industry. When answering a question put to him on 2 May, the Minister said:

> Honourable members should wish the dairy farmers and their farmers the best; it will be a difficult time for those who decide to stay in the industry and for those who decide to opt out of it.

So the Minister was saying that this legislation will not work for the ordinary dairy farmers, irrespective of what they will do. This is an unfortunate piece of legislation and clearly, the Greens cannot support it. I support the comments made by my colleague the Hon. I. Cohen: I am sure this House will have to return to this issue, because we are going to have a first-class mess on our hands.

The Hon. J. S. TINGLE [3.25 p.m.]: I have to agree with the last point made by the Hon. Lee Rhiannon: this is an unfortunate bill. Of course it is. It is not a bill that any of us want to see before this Parliament, but it is a bill that we cannot avoid and that we cannot afford to defeat without fully understanding the wide ramifications of so doing. The dairy industry has been in a no-win situation ever since I can remember. I spent part of my boyhood on a dairy farm at Taree, on the North Coast. Anyone who has worked in dairying knows that it is a difficult, thankless and sometimes cold and lonely task. I do not know, with the exception of a few large cartels, any very wealthy dairy farmers.

I can remember, as a boy of 10, having to get up at daylight or before and crossing the paddocks to bring the cows in for milking. We were not allowed to wear our shoes because there was frost on the grass, and that would have ruined our shoes. And in those days you could not buy Wellington boots for little kids; it was the beginning of the forties, during the war. I can remember letting the slip rails back by moving the fencing-wire loop around it and having it whack me across the knuckles of my frozen hands. I remember that one of the great luxuries of that time was to come across a newly-produced cow pat. One went and stood in it with one's bare feet and absolutely revelled in the warmth of it squiggling through your toes.

The Hon. D. J. Gay: Government members still do it.

The Hon. J. S. TINGLE: There are times, especially in this place, when I still think I am standing in a warm cow pat, when I listen to some of the stuff that has been said in this debate today by members who have very little knowledge and do not understand what this bill means and what this debate is about. There has been a great deal of talk today about what should be. If you try to predicate your life on what should be, you will be sorely disappointed. We have to look at what is. We have to understand the real situation we face today, which has been sketched in by what the Deputy Leader of the Opposition had to say. I really hope that across the width of this House, and hopefully across the width of the cross benches, there is at least a general understanding that we are facing a brick wall. What we are doing today is inevitable. It is no use saying, as the Hon. Lee Rhiannon did, "We could build up a wonderful industry, being an island nation." We have not got a wonderful dairy industry—at least, not a dairy industry that can survive in the present climate—and it is inevitable that some of that industry will have to go down.

I am worried by some of the things I have heard today. I refer particularly to comments made by the Hon. R. S. L. Jones, who said in effect that, "We can defeat this bill. Nobody will get any compensation, but it will force the Federal Government to come back to us with a better package." Anybody who believes that you can force this Federal Government to do anything believes that babies can be found under the cabbage bushes at the bottom of the garden. I believe that if we defeated this bill and said to the Federal Government, "Well, the compensation package cannot happen," that Government would say, "All right, you did it. That's the end of it. There will be no compensation package." That will still not stop farms from closing down. That will not stop farmers and their families finding they may no longer have an income and a living. It would make the situation invariably and inevitably worse.

One of the great tragedies about this situation as we see it today is the incredible fragmentation that seems to be taking place within the ranks of dairy farmers themselves. We have the Dairy Farmers Association, which has been recognised for a long time as the body representative of dairy farmers, and the Australian Milk Producers Association, which tells me today it has a thousand members. So what we have is a confusion of issues, I believe, being placed before the dairy farmers of this State about what the consequences will be of passing or not passing this bill. I have had a number of letters today, some of which I might say, in the classical sense, looked as though they were written with a thumbnail dipped in tar, pleading with me to defeat this bill. Those dairy farmers were pleading with me not to allow deregulation because, they say, if we do not have deregulation everything will go on as it has been going on before—we will still have our income, we will still have our livelihood, and our farms will still be there.

The Hon. J. H. Jobling: Unfortunately, it has passed beyond that.

The Hon. J. S. TINGLE: As I said earlier, it is a question of people working on what should be rather than what is. We have to deal with the facts. The facts are, as the Hon. J. H. Jobling said by way of interjection, that we have gone beyond that. We now have deregulation in other parts of Australia. I believe that the Federal Government's compensation package, which will be available to New South Wales farmers, depends on deregulation happening in this State, certainly by the end of this month. I quote from a letter I received from Mr Reg Smith, the President of the Dairy Farmers Association, which sums it up very well:

> It is critical to recognise that deregulation around Australia cannot be stopped with Victoria, South Australia and Tasmania already passing such legislation. It is just a question of whether New South Wales deregulates in a managed way with assistance as provided by the Australian Government's dairy adjustment scheme or through commercial pressures and with no assistance leading to utter chaos. The New South Wales Government has introduced the Dairy Industry Bill 2000 to give effect to deregulation in New South Wales and a managed approach.

The letter goes on to state:

> We must reiterate this is not about whether we want deregulation or not. That battle is lost. It is now about whether New South Wales dairy farmers get $337 million in assistance which requires the Government's bill to go through Parliament this session.

I do not know whether it is possible to state the case any more clearly than that. Therefore, I believe we have to consider seriously the repercussions of any serious move that could result in the defeat of this bill. As to the proposed Opposition amendment—the National Party amendment—I understand its purpose and I believe it would be worthy of support if I were sure of the monetary amounts involved. I would be grateful if, in the Committee stage, the Hon. D. J. Gay indicated what he thinks is a reasonable figure for that assistance package, otherwise we are being asked to vote on a blank cheque, which I find a little difficult to do. There has been talk of the Government withdrawing this bill if the amendment goes through. There has been a great deal of brinkmanship and a great deal of eyeballing in this debate and in negotiations leading up to this debate. I reject all that. This issue is much too important for dairy farmers in this State.

The Hon. J. H. Jobling: People's livelihoods depend on it.

The Hon. J. S. TINGLE: It is inevitable. As the Hon. J. H. Jobling said, people's livelihoods are involved. We must not play politics with these people. We must try to do as much as we can within our power to ensure, within reason, that as many of them as possible continue to conduct their livelihoods and keep their farms viable. I do not know what the ultimate figure will be. As I said earlier, the dairy industry has been in a no-win situation for as long as I know. It has never been a wealthy industry. It is now in a serious state of decline. The purpose of this bill—and anything we do in this Parliament—is to shore up and stabilise the remainder of that industry so that it can continue to function. I support the bill.

The Hon. P. J. BREEN [3.32 p.m.]: I oppose the Dairy Industry Bill. It is a difficult stand to take in the face of much support for the Federal Government's adjustment package for small farmers, who will be forced out of the industry by deregulation. There is support also for the Coalition's amendments, which would top up the Federal compensation package—an approach that mirrors the Western Australian solution.

The Hon. J. H. Jobling: A good option.

The Hon. P. J. BREEN: It is one option. In reality, no adjustment package and no amount of compensation will make up for the livelihoods of 900 New South Wales farmers. Ask any farmer who is about to go out of the industry and lose his or her livelihood whether he or she would rather stay on the farm or go out. He or she almost inevitably would rather stay. Of course, some farmers who are approaching retirement or who want to leave the industry for other reasons are exceptions to the rule. In reality, most farmers want to stay. Needless to say, the only way to stay is in a regulated market. No small farmer can compete with large producers. But in a regulated market the small farmer could receive, say, 42¢ a litre, the same price as the large producers. Economies of scale mean that large producers make more profit at 42¢ a litre, but the margin also allows the small operator to maintain a reasonable living.

The type of regulation I have in mind is one where all the States have access to the quotas, so that there is no breach of the free trade provision in the Commonwealth Constitution. This is a simple solution, and one that would work. Farmers would be paid, say, 42¢ for their quota of milk and for anything else they produced over the quota they would be paid, say, 30¢. Regulation of this kind would work because it is fair and equitable to all farmers. It is the kind of regulation the majority of farmers want. Speaking as a consumer, I would support a subsidy of, say, 20¢ for every litre of milk I purchased, if that amount went to the farmers. Other countries protect their farmers. Why is it so difficult to protect farmers in Australia? Could it be that we lack the goodwill to do it? Are we so locked into the economic rationalist paradigm that we are unable to see beyond the bottom line?

The fact of the matter is that the bottom line in a regulated market is a much healthier situation than the one contemplated by this bill. Deregulation means that the big producers will control the industry and control the pasture. They need one hay cutter, one baler and one tractor for 2,000 acres. Ten farmers each on 200 acres need 10 hay cutters, 10 balers and 10 tractors. Economies of scale of this magnitude mean that the rural industry in New South Wales will be devastated. As the Deputy Leader of the Opposition said earlier in the debate, about 6,000 jobs in New South Wales are directly under threat as a result of this legislation and as a result of deregulation. We should not be thinking merely of the 900 farmers, or whatever the figure is, who are affected by the deregulation; we should be thinking also about those who supply hay cutters, balers and tractors.

I understand that deregulation has been on the agenda for 14 years—ever since the so-called Kerin plan. John Kerin is a good man. His daughter cut my hair just last weekend. But why do we assume that the same situation that exists today in the dairy industry existed 14 years ago? It is fatuous to argue that, because John Kerin had a plan 14 years ago, we should all close our minds to the consequences of that plan. Economic

rationalism and corporatisation of government responsibilities are new phenomena, hardly worth a thought when the Kerin plan was formulated. Today these phenomena threaten the role of government and the traditional social contract and principles that underpin our society. It is no longer acceptable to allow the corporate wheel to keep rolling without offering any kind of philosophical or moral objection.

As political representatives of social, progressive values it is our moral duty to draw a line in the sand against the decimation of the dairy industry. Originally, dairy farmers got together and established co-operatives for the purposes of processing and marketing their milk. Those co-operatives included Norco, Bega, Hunter Valley and so on. They grew to be large, successful organisations, but they never returned their profits to the farmers as they were intended to do. United Dairies then came along with state-of-the-art processing equipment and soon it grew as fat as the cows, taking over the co-operatives and expanding into other rural industries. United Dairies then became a takeover target for National Foods.

Now we have a dairy industry that is run by the supermarkets. When the price of milk goes up, National Foods makes more profit and dairy farmers get nothing extra. I know it is a cliché, but the dairy industry is now a classic case of killing the goose that laid the golden egg. Big farmers are about to milk three times a day instead of milking morning and night, turning cows into what I would describe as battery cows. As one farmer told me last week, it is downright inhuman. Who knows what kind of milk we will be asked to drink? If we are worried about growth hormones in battery chickens, think about what would have to be injected into cows to make them produce milk three times a day!

I turn now to the amendments of the Coalition which, in reality, are National Party amendments because of the subject of the bill. The National Party amendments would provide additional assistance to those farmers remaining in the industry. As an adjustment package I wonder whether a fairer form of assistance would be one that compensated those farmers going out of the industry. It is those farmers who will be doing most of the adjusting. Their livelihoods are literally out the window as a consequence of deregulation.

On the other hand, there is merit in the National Party amendments to the extent that the farmers remaining in the industry need to be viable and the additional assistance will help them gear up for deregulation. The problem is that it is not known what level of assistance will be required to remain viable, who will remain in the industry and who will leave. Certainly, the National Party ought to be commended for doing something to assist the farmers over and above the Federal package. I will not support the amendments if I am asked to vote today because I do not support deregulation. I do not believe for one minute that deregulation is inevitable. We need time to explore the options.

The Hon. J. J. Della Bosca: It has happened.

The Hon. P. J. BREEN: I take issue with the Minister. If the only option is deregulation, the adjustment package should be equitable. The Special Minister of State has alluded to one of the concerns that farmers have expressed about the Federal package and whether deregulation has already happened. Previously in this debate honourable members have referred to the so-called 30 June deadline. They have said that if the bill is not passed by 30 June New South Wales will miss out on the Commonwealth money. That is absolute rubbish. The relevant Commonwealth legislation implementing the adjustment package provides that the Federal Minister must be satisfied by the date he proclaims the legislation that all States have deregulated. The proclamation date is not 30 June but 3 October. In other words, if all States have not deregulated by 3 October, there will be no Federal adjustment package. It is true that South Australia, Tasmania and Victoria have passed deregulation legislation, but each of the relevant State Ministers has said that in the interests of sanity he is willing to wait for all the States to deregulate.

The Hon. D. J. Gay: And Western Australia.

The Hon. P. J. BREEN: It was my understanding that the legislation was still going through in Western Australia. The Hon. D. J. Gay has just informed me that I am wrong about Western Australia, and I stand corrected. That State also has deregulated. Clearly the States will not deregulate without at least having the opportunity of taking part in the Federal adjustment package, which means that this bill need not be passed until 2 October, so there is no tearing rush. Farmers in New South Wales and Queensland are adversely affected by deregulation to a greater extent than farmers in the other States, including Western Australia, yet the Western Australian Government has seen fit to provide farmers with an additional package of $38 million.

I suspect that the New South Wales Government might consider doing the same thing except that the initiative for the additional package is being driven by the Coalition, not just in this House but also in Canberra,

where the Federal package, of course, is initiated from the office of the Minister for Agriculture, Fisheries and Forestry. Perhaps with the benefit of a 24-hour breathing space, an appropriate compensation package could be worked out for farmers that would assist those farmers who are most in need rather than paying compensation to farmers who already are well provided for because of their farm size and structure.

The Hon. D. J. Gay: If this bill is passed, it will go back to the lower House, which gives you an extra 24 hours.

The Hon. P. J. BREEN: I do not understand the honourable member's interjection. I would suggest that it would be appropriate to have a debate before actually passing the bill. Anyway, I will see what is said about it in reply. What we need at this stage is some breathing space, and I urge honourable members to oppose the bill until there has been opportunity for further discussion.

The Hon. Dr P. WONG [3.43 p.m.]: The deregulation of the dairy industry has brought about nothing but disaster for rural and regional communities. This is a harsh reality which no-one in the Chamber would deny. By passing the bill this House will give effect to the Federal-initiated legislation. After considering this issue in detail, I believe I have a fair idea of the complex and sad state of affairs in the dairy industry and I take this opportunity to elaborate on a few salient points. As much as this legislation was a consequence of an action taken by the Federal Government under John Howard, the history of the dairy industry, in particular in this State, has shown that small dairy farmers have been losing out over the years. The statistics show that dairy farms in New South Wales decreased from 9,061 to 4,626 between 1970 and 1976. That figure was further reduced to 1,851 by 1977.

The intention of all previous Federal governments—be it the Gorton, Whitlam, Hawke or Keating governments—was to encourage the small farmers to move out. At the same time, they encouraged large processors and multinational companies to move in. Indeed, State governments of different political colours have had similar strategies in the past. It was said that the Howard Government's compensation package and deregulation agenda were only a response to industry's demand. Judging from the response honourable members have received, such requests arose either because the dairy farmers were given totally false information or the requests came from the large processors. It is now obvious that if deregulation of the dairy industry were to go ahead the ultimate beneficiary would be the big processors and the supermarket owners.

These companies were the original advocates for deregulation, and the traditional market liberalisation argument was advocated by those who profited from lack of regulation. Deregulation will enable them to buy farm gate milk at a very cheap price and then sell it to consumers at a price much higher than it is today. It is also true that most of the Victorian farmers will benefit from this deregulation since they now control more than 62 per cent of the market share. If this bill is passed, the Federal Government and the State Government, I assume, will be able to blame each other and wash their hands of this dirty deed. Furthermore, both will be able to congratulate themselves on practising smaller government and less regulation in their administration. Of course, that will be another big win for economic rationalism.

Honourable members have been informed also that the total nationwide adjustment package is $1.7 billion, from which 1,800 New South Wales farmers will receive $326 million, and that this is dependent on all States deregulating by 1 July 2000. The package will be funded by an 11¢ a litre levy on all milk sales over the next 80 years. What that really means is that the Federal Government is paying nothing and the State Government is paying nothing. Who pays? It seems on the surface that the farmers will pay for their own compensation. At the end of the day it is the consumers who will pay. And what can they expect? It is most likely that milk and other dairy products will be more expensive in the future for consumers. I note that both major parties have virtually accepted that there will be many losers, predominantly the small- and medium-size dairy farms.

However, the deregulation will not only impact on the economic future of the dairy farmers but also on their families, their emotional health and the environment. Deregulation will further deplete regional and rural employment opportunities, eventually forcing more and more people to come to the cities to look for jobs. I do not believe that the national package will apply if New South Wales rejects the package. I am not in favour of ruining the livelihood of many families in regional and rural New South Wales, and I do not believe that any member of this House would be in favour of that. However, many speakers from both sides have presented the House with a picture of fait accompli.

Rather than directing their energy to the national level, rejecting this deal and asking for something better, the two major parties point fingers at each other and try to score points. Speakers from both the Government and the Opposition sought honourable members' support for the bill. In particular, I am surprised that a Labor Government which said that it did not support deregulated markets has urged others to support the bill. I noted that Minister Amery in his media release dated 28 April stated:

> And if the Leader of the National Party persists in this issue, the Bill will fall down, deregulation will not go ahead, and dairy farmers will lose out on their existing entitlements.

Many honourable members have said how terrible the bill is. Most agreed that the passing of the bill would cause 600 to 900 farmers to lose their farms with no alternative in sight; it would mean that the farmers would get as little as 27¢ a litre for their milk; it would mean that consumers might have to pay more than $1.30 for each litre of milk they purchased in the future; it would create unemployment; and it would not bring one iota of benefit to farmers, consumers, regional and rural centres, the environment or even governments. The only reason for passing this bill, as I have heard many times, is so that farmers can get their compensation package, a package that eventually has to be paid for by the farmers themselves, not by the Government. If the bill is no good, can someone explain to me why we still have to pass it?

Reverend the Hon. F. J. NILE [3.49 p.m.]: The Christian Democratic Party supports the Dairy Industry Bill with the same reservations that other members have indicated in debate. It may not have been its original intention, but the bill will have the effect of restructuring the dairy industry of the State. We have seen this happen in other industries, in the manufacturing industry et cetera, with the so-called amalgamation of companies and many people in the metropolitan area losing their jobs under the process called "downsizing". It seems that the bill will lead to a restructuring of the State's dairy industry. It will remove many small farmers from the industry, whether or not they wish to leave.

From the economic point of view those farmers will not be solvent. In fact, they will be bankrupted and will be forced to sell their properties. The danger is that we may finish up with almost a monopoly in the State—a small number of dairy farmers with very large holdings and a huge number of milking cows. I understand that one dairy farmer has 2,000 cows and 27 per cent of the New South Wales market. That may occur in other parts of the State. One of our concerns about the bill is the effect it will have of forcing off the land many of those small farmers who have been the backbone of our country for many years—in fact, from the beginning of settlement. In some cases they have had to clear the land and work from scratch, so to speak, to build a home and develop a dairy farm.

Many of those dairy farmers also have very strong family ties, and that is a plus for our society. We should do all we can to support small family farms, because that provides an anchor in our rapidly changing society. I have on many occasions referred to the fact that traditional values are being challenged, if not rejected. I am pleased to say that many of the farmers I meet when I travel to country areas have a very strong work ethic—they must have, to work the hours they must work in order to maintain their farms. Those farmers also have traditional values, and that is very important for our society. It would be a tragedy if the forecasts are correct and a minimum of 600 and possibly up to 900 of those farmers are forced off the land because of what has become a nationwide policy of deregulation.

The Government has acknowledged that this bill has been forced on us because of the initiatives taken by Victoria. Victoria decided to go it alone but, in so doing, put pressure on the other States and on the Federal Government to come to the party. If one State deregulates, as happened in Victoria—and some honourable members who say they will reject this bill do not understand this—the rejection of this bill will have no effect on Victoria. I am told that Victoria already has tankers entering New South Wales and shortly a large number of those milk tankers will be visiting all parts of the State, conveying milk to supermarkets and other places at prices with which New South Wales dairy farmers cannot compete and remain viable.

It is inevitable that New South Wales dairy farmers will go broke as a result of that invasion from Victoria. The Victorians are well aware of that and are quite militant. They regard New South Wales as a very easy target. Because of the way they produce milk in Victoria, they can sell their milk at a lower price and they will be able to undercut dairy farmers in New South Wales. If I were Premier—even after this bill is passed—I would slow down any such invasion from Victoria. Someone suggested on a radio program that it would be necessary to have Australian Army personnel on the border to stop the Victorians from coming into New South Wales!

The Hon. D. J. Gay: That is the Victorian dairy farmers.

Reverend the Hon. F. J. NILE: Yes. There may be one means of stopping them. There is great detail in the bill about the role of the Safe Food organisation. Safe Food has a great deal of power. Under the heading "Dairy industry functions of Safe Food", paragraphs (b) and (c) of clause 11 (1) the bill state that it may:

(b) carry out examinations, tests or analyses of milk or dairy products, and

(c) publish reports, information and advice concerning the production, collection, treatment, carriage, storage, distribution, delivery, supply, use or sale of milk or dairy products

I urge the Government to set up inspectors on the main roads from Victoria to stop those milk containers.

The Hon. J. R. Johnson: Haven't you heard of section 92 of the Constitution?

Reverend the Hon. F. J. NILE: I am not proposing to stop them permanently. The inspectors would check the containers. We should do all we can to be a pain in the neck to the Victorians so that they cannot just drive a trailer across the border. I understand also that the quality of milk from Victoria is unable to match the superior quality of milk supplied in New South Wales. Safe Food could set a higher standard for Victorian milk—the standard of premium milk in New South Wales. If Victorian milk did not reach that standard it would be labelled as having been produced in Victoria and sold in New South Wales as substandard milk or low-standard milk—not low-fat milk. We should encourage folk to buy only New South Wales milk.

That may be a way of slowing down the Victorian invasion. If supermarkets are going to stock Victorian milk it should be down the back somewhere and difficult for people to find. I know there are many radical members within the Government and I put that proposal forward, that it should be difficult to buy Victorian milk. This bill will amend the Dairy Industry Act to deregulate price setting at the farm gate, following a decision to deregulate the industry nationally. The retail sector of the dairy industry was deregulated on 1 July 1998 by the Dairy Industry Amendment Act 1993. This deregulation will take effect from 1 July 2000 and complete the deregulation of the whole industry. That is why this House has to pass the bill now.

Some honourable members talked about 1 October, which is when the money comes into the equation. But the legislation has to be passed by each State and then the Federal legislation comes into play and dairy farmers right across Australia will receive the benefit of the dairy industry adjustment package. That is the point of this timetable. It cannot start on 1 October; the legislation has to be in place by 1 July. Numerous changes have been made to the dairy industry over the past six years. The Dairy Industry Amendment Act 1993 deregulated the retail sector of the dairy industry, vendor zoning, wholesale margins and retail price setting when it commenced operation on 30 June 1998.

As honourable members have said, the Coalition Government seemed to be more responsive to the losses suffered in other industries. When the milk vendors lost their milk runs—businesses that they had purchased—a compensation package was provided. A compensation package was also provided for the egg carriers when they lost their businesses, and we worked hard to get compensation for the contract drivers in the concrete industry who were replaced by company drivers. There is a principle at stake. Whether or not the Government accepts the amendment, it should consider a rural assistance plan. During the briefing I said that rural assistance was already available through the Rural Assistance Authority and economic assistance was available in the form of low-cost loans and so on.

Pursuant to sessional orders business interrupted.

QUESTIONS WITHOUT NOTICE

LISMORE INJECTING ROOM

The Hon. D. J. GAY: My question is directed to the Special Minister of State. Is it a fact that the Minister and the Government have made a commitment to have no further safe injecting rooms for drug addicts, apart from the trial of a legalised shooting gallery in Kings Cross? Is the Minister aware of a shooting gallery currently operating in Lismore under the supervision of local psychologist Bruce Dufficy? Does that not go against the Government's commitment to limit shooting gallery operations to one location? What measures will be taken to ensure that this obviously illegal operation is closed down for good, or will the Government allow it to continue?

The Hon. J. J. DELLA BOSCA: I am aware of media reports about an injecting room or shooting gallery that has been set up in Lismore. I am advised that the police have not condoned the establishment of an injecting room in Lismore. I am advised by the Office of the Commissioner of Police that police are investigating this matter. In relation to injecting rooms, I draw the attention of honourable members to the Government's clear policy on this matter: Shooting galleries, clean rooms and safe injecting rooms are illegal.

There will be an 18-month trial of one, and only one, medically supervised injecting centre at Kings Cross. At the risk of being repetitious, that is a one-off trial and a one-only trial. There is no notion that would indicate that a private individual, whatever his or her motives, either in the case of the pernicious shooting galleries in Kings Cross for private profit or presumably through some misguided clinical view, would somehow be allowed to deviate from the Government's policy. The granting of a licence to the operator of this medically supervised injecting centre trial is subject to a large number of strict criteria, including internal management protocols which provide for medical supervision and access to primary health care services, counselling services, drug and alcohol detoxification and rehabilitation.

The licence will be granted only when these criteria are met to the satisfaction of the Director-General of the Department of Health and the police commissioner. A monitoring committee and separate evaluation committee will also be in place during the trial. The model we are developing is that of a medically supervised injecting centre being a gateway to treatment. It is only one small part of the Government's $176 million Plan of Action. The alleged actions taking place in Lismore have no part in the Government's strategy to tackle drug abuse. They are unhelpful, unwelcome and illegal. I have the relevant article from the *Northern Star*. As I said earlier, this matter has been discussed with the Office of the Commissioner of Police.

The Hon. D. J. Gay: Will you follow up on it?

The Hon. J. J. DELLA BOSCA: I will follow up on the issue so far as my ministerial responsibilities extend. However, the Minister for Police has responsibility for the Police Service. It is a longstanding convention that neither the police Minister nor any other Government member comments on police operational matters. The matter has been drawn to the attention of the police. If and when the police take appropriate action, I will be happy to advise the House.

SUPPORT FOR PEOPLE WITH ACQUIRED BRAIN INJURIES

The Hon. J. R. JOHNSON: My question without notice is addressed to the Special Minister of State, and Assistant Treasurer. Will the Minister give details of government support for people on the Central Coast with acquired brain injuries?

The Hon. J. J. DELLA BOSCA: On 15 June I had the pleasure of opening new facilities on the Central Coast to support people with acquired brain injuries.

The Hon. M. J. Gallacher: Was it in Peats?

The Hon. J. J. DELLA BOSCA: No, it was in the Gosford electorate.

The Hon. M. J. Gallacher: You have got Buckley's chance there.

The Hon. J. J. DELLA BOSCA: I cannot remember who is the member for Gosford. His name is not Buckleys but it is something similar. The New South Wales Government, through the Motor Accidents Authority, has provided $320,000 for the purchase and renovation of premises to serve this need. Each year an estimated 75 Central Coast residents sustain moderate to severe brain injuries mostly, regrettably, through motor accidents. Prior to 1995 the Central Coast had no local service for people with acquired brain injuries; they had to travel to Sydney or Newcastle for support.

Recognising the growing local demand, the New South Wales Government, through the Motor Accidents Authority, supported the establishment of a new facility. Thus, in 1995 the Central Coast Community Access and Support Service for People With Acquired Brain Injury was established. The opening of its new premises last week shows just how successful and vibrant that service has been. It serves a rapidly growing region. The new facilities are located in a most accessible house at 29 Webb Street, Gosford. I am sure the Leader of the Opposition, who is a patron of the arts, would drive past the new facility in Webb Street when he frequently visits Point Frederick Arts Centre. The new facility in Webb Street is painted a terracotta pink; it is very tasteful. It is the pinkest house in the street. Indeed, it may be the pinkest house in Gosford.

The new facility will provide one-on-one support and give a range of social, recreational and educational activities for people with acquired brain injuries. It will help people to integrate back into the community. It is vital that people with acquired brain injuries are able to resume an independent life once again. This new purpose-designed facility will help achieve that goal. Since 1989 the Motor Accidents Authority has provided nearly $40 million for brain injury research, acute treatment and community support services around the State. Much of that funding has gone to regional areas such as the Central Coast so that services which people in Sydney take for granted are also available in the regions. The new premises at Gosford are a clear example of the Carr Government's commitment to providing key services to the regions.

AWARD INQUIRY SERVICE

The Hon. M. J. GALLACHER: My question without notice is to the Attorney General, and Minister for Industrial Relations. Is the Attorney currently considering options for the contracting out of the Award Inquiry Service? If so, what are the likely job losses from within the Department of Industrial Relations? What are the budgeted additional costs or savings of this move to the Attorney General's Department?

The Hon. J. W. SHAW: As a government that is determined to face policy and reorganisation on evidence and empirical material, we are looking at the possible options. However, we have no preconceived view about the matter at all. I stress that the Award Inquiry Service is an important part of the service that the Department of Industrial Relations provides to employers and employees in New South Wales to ensure that they have a better understanding of our industrial relations system, and I am utterly committed to maintaining that. Whether that could be done, either in whole or in part, other than by the department is a matter that at least warrants investigation, but without having a dogmatic view that the service ought to be contracted out to an independent contractor.

The Government has expanded the service significantly. Forty-seven permanent positions are allocated across the Newcastle, Wollongong and Sydney call centres. The current staffing complement is almost double the 24 permanent positions allocated to the service when the Government was first elected in 1995. Since September 1996 the service has been accessible through a single statewide telephone number, for the cost of a local call only. The introduction of this telephone number has been a vital step in ensuring that the service is delivered fairly to regional New South Wales. Since 1996 the number of calls to the service has increased from 250,000 per annum to approximately 400,000 per annum. The increase in demand alone is a major measure of customer satisfaction. More than two-thirds of callers are repeat customers.

A customer survey completed in February 2000 found that most customers are very satisfied with the quality of the service. For example, 92 per cent of customers rated the information provided by the service as clear and concise; 88 per cent of customers described the operator as helpful; and 87 per cent of customers conceded that the information met their needs. These seem to be good arguments for retaining the matter in-house. I certainly would not preclude that option; I think it is an extremely viable option. People should not be jittery. As we say in my department, we are prepared to review anything. The fact that matters are reviewed from time to time does not mean that things will change. It certainly does not mean that things will change radically. We are simply having a look at the matter in a quiet, rational way, as is our wont, and in due course any decisions will be reported to this Parliament.

RECREATIONAL FISHING LICENCE

The Hon. M. I. JONES: My question without notice is addressed to the Minister for Mineral Resources, and Minister for Fisheries. As the Fisheries Department received a budget increase recently, will the Minister explain why he remains adamant about the recreational sector having to pay recovery management costs of $1.5 million out of the proposed licence money? Unlike licensed fishermen, recreational fishermen are amateur fishermen; they do not generate revenue. Therefore, surely it is more equitable that management costs be paid for by professional fishermen and the public purse.

The Hon. E. M. OBEID: I thank the Hon. M. I. Jones for his important question. If I correctly understood his question, he is implying that the Government proposes to charge recreational fishers $1.5 million when they receive no income. That is not the case. The proposition is that when we do bring in a recreational fishing licence, they, like the commercial sector—

The Hon. Jennifer Gardiner: Is that a "when" or an "if"? You have made your decision, have you?

The Hon. E. M. OBEID: I said, when we do bring in a recreational fishing licence.

The Hon. D. J. Gay: So you have made the decision?

The Hon. E. M. OBEID: The decision will be made. Sit back and relax. We are an extremely reformist government, which looks at issues and makes decisions. We are not like the former Coalition Government, which sat on its hands for seven years and could not make one decision. When the former Coalition Government finally made one decision—

The Hon. Jennifer Gardiner: You slipped up. It is on the record now.

The Hon. E. M. OBEID: On the record, let us look at the former Coalition Government's term in office. During seven years in office it could not make a decision, especially with regard to fisheries. And when it did make a decision, it was in the dying days of the Fahey Government. It brought in the Fisheries Management Act but it did not even consider part 5 of the Environmental Planning and Assessment Act. That is how futile the former Coalition Government's legislation was. This Government has had to mop up for the last five years.

For the honourable member's benefit, if and when we bring in a recreational fishing licence, recreational fishers, like commercial fishers, would be expected to bear a certain proportion of those recovery management costs. The proposal has been clearly stated in the documents that we have made available for public scrutiny since 19 January. When and if we do bring in a recreational fishing licence, we will consider the matter of certain costs recovery.

The Hon. Dr B. P. V. Pezzutti: When are you going to make a decision? How long are you going to hang out like this? Are you going to sneak it in during the Olympic Games? Why can't you give us a decision now? Tell us what you are going to do.

The Hon. E. M. OBEID: I am not about to tell you what I am going to do. In due course you will find out what this Government is doing. I do not think the Opposition should get too anxious about what this Government is doing. What members opposite should be worried about is raising matters in this House that are relevant. Not one question they ask has any relevance to policy. I suggest that we are well on the way to formulating a very important part of the fisheries policy. It will come in due course, and this House will be the first to know.

JURY SUPPORT PROGRAM

The Hon. R. D. DYER: Will the Attorney General, and Minister for Industrial Relations inform the House of progress made in providing better support for people who serve on juries in New South Wales?

The Hon. J. W. SHAW: The Hon. R. D. Dyer's question is evidence of his ongoing concern with the administration of justice in New South Wales. Indeed, the honourable member's question, focusing as it does on the jury support program, reflects on a matter which is critical to the justice system in this jurisdiction. Honourable members would be aware that, in line with the Government's election commitments, a juror support program is being implemented through Sheriff's Office. The objective of that $250,000 program is to provide better information and support to all those who are called for jury service in New South Wales.

This is a first for this State. For far too long, ordinary members of the public were called for jury service with little or no idea of what may be expected of them. After serving on, in many cases, very difficult and arduous criminal trials, they were simply pushed out of the door with little more than the thanks of the court. The new program aims to change all of that. It is comprised of three separate initiatives, each designed to complement the others. We should not underestimate the impact of jury service on the community. Last year almost 134,000 people were summoned for jury service, and more than 43,000 of those actually attended court. Some 14,000 people were selected to sit on a jury.

A specialist juror support co-ordinator has been recruited to the New South Wales Sheriff's Office. That officer commenced duty at the beginning of the year, and she is responsible for establishing and monitoring the program. A new juror induction video has been produced for the education and awareness of all potential jurors in New South Wales. I launched that new video, entitled *Our Jury—Our Values*, on 28 January this year. I am informed that the video is now being shown as a standard introduction to jury service right across the State and has been very well received. The video contains information on the most commonly asked questions concerning jury service.

The final phase of the program is to let a tender for the statewide provision of professional debriefing and counselling services for any juror who is adversely affected by his or her service as a juror. Advertisements

calling for tenders for the service appeared in the major metropolitan press on 15 and 20 March this year. In addition, specific notifications of the request for tenders were targeted to major industry sectors. The request for tenders closed on 12 April this year and the tenders have been fully evaluated by an independent tender evaluation committee. I am pleased to report that there was strong interest in the call for tenders, with 12 organisations tendering for all or part of the program across the State.

I am in a position to announce that contracts have been signed with three successful tenderers. Thirty-two trial court locations will be serviced by International Psychological Services Employee Assistance Pty Ltd. That organisation has a very extensive network of counselling and trauma specialists across the State. It has been operating for 23 years and has a client list of 600 corporate and public sector organisations. Four locations will be covered by McNamara Mulcahy and Associates Pty Ltd. That organisation has 12 years experience in the field and already provides services to the public sector, including the Department of Education and Training. The final two locations will be covered by Raymond Dorling and Associates, which is also a well-qualified and experienced firm of counsellors.

As a result of this program, the Government has in place a network of professionally qualified counsellors who can respond quickly to any identified need anywhere in the State. To preserve the confidentiality of the jury's deliberations, this service will be available only when a juror has been discharged. As part of this very important stage of the program, the Sheriff's Office is also developing a training and awareness package for its officers. That training will enable officers to recognise the often subtle signs of emotional and psychological distress and to deal with distressed jurors on the spot primarily by referral to the new service, the juror's own physician or other locally based community support networks.

The Government is committed to establishing this professional support service for jurors in New South Wales and fully recognises the valuable contribution they make as the community's direct representatives in the administration of justice—particularly, of course, in the administration of criminal justice. The program is a tangible sign of that recognition and is one which the Government believes gives something back to the community in an appropriate way.

SNOWY RIVER WATER FLOW

The Hon. R. S. L. JONES: I direct my question to the Special Minister of State, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast. When will the increased flow to the Snowy River begin?

The Hon. J. J. DELLA BOSCA: I wish I could answer the question asked by the Hon. R. S. L. Jones. It is a critical question in the context of the ongoing Snowy Mountains corporatisation negotiations. I can inform the honourable member that a great deal of progress has been made in what is really a very complicated issue. At this stage my program shows that I will meet with the Federal Minister, Nick Minchin, and Senator Hill as well as the relevant Victorian and South Australian Ministers. I expect significant further progress to be made at that meeting. Given that the matter is of great interest to the House and that I expect further progress to be made as a result of that meeting, I undertake to make a statement either by way of an answer to a formal question or a ministerial statement.

AUSTRALIAN LABOR PARTY FUNDRAISING

The Hon. D. T. HARWIN: My question is to the Minister for Mineral Resources, representing the Minister for Local Government, Minister for Regional Development, and Minister for Rural Affairs. Is the Minister aware that the Australian Labor Party's 1998-99 funding return which was lodged with the Australian Electoral Commission discloses that the Australian Labor Party received a $17,500 contribution from South Sydney Council? It a fact that this contribution was to support the campaign of South Sydney Mayor, Vic Smith, in the State seat of Bligh leading up to the 1999 State election? Will he institute an immediate independent investigation into the misuse of ratepayers' funds by South Sydney Council to support the re-election of his Government?

The Hon. E. M. OBEID: I thank the honourable member for his question. I am not aware of any of the issues raised by the question.

The Hon. D. T. Harwin: I thank the Minister for his view. Will he obtain an answer to my question from the Minister for Local Government, Minister for Regional Development, and Minister for Rural Affairs?

The Hon. M. R. Egan: Why did you not ask him to do that?

The Hon. D. T. Harwin: I did. Will the Minister inquire?

The Hon. E. M. OBEID: Since the honourable member has now asked nicely and stated the question, I will consider passing on the question to my colleague.

The Hon. D. J. Gay: This is really serious stuff.

The Hon. E. M. OBEID: The Deputy Leader of the Opposition should not point his finger at me. He constantly comes into this House with allegations that are without foundation. This is just another stunt.

The Hon. D. J. Gay: It is not another stunt. It is on the public record.

The Hon. E. M. OBEID: We all know—

The Hon. D. J. Gay: You will regret this.

The Hon. E. M. OBEID: I have said that I will convey the question to my colleague in the other House and will attempt to obtain an answer for the honourable member.

OLYMPIC GAMES EMPLOYMENT

The Hon. P. T. PRIMROSE: My question without notice is directed to the Attorney General, and Minister for Industrial Relations. What has the Government done to inform the people who will be working in the future Games-related work force of their rights at work?

The Hon. J. W. SHAW: Obviously, all or almost all areas of government administration will have to address the particular problems that will arise during the Olympic Games. Sometimes those problems are not easy to grapple with, but the Government has considered the rights of people who will be working in the Games-related work force and what ought to be done. As honourable members know, the Olympics will be held during September and October this year and will be the biggest peacetime event that this city has experienced. The Government is doing everything it can do to make the Games a success. I believe that all honourable members in this House would wish the Government well in that enterprise.

A number of initiatives in the industrial relations arena will contribute to a successful Games. For example, the Industrial Relations Commission has made a number of awards relating to the Games-specific work force which provide certainty and security to workers and their employers. But the Games will have a more far-reaching effect on the labour force of Sydney than just at the Games venues. It is expected that there will be a massive increase in the temporary work force which is required to provide services to the influx of visitors to Sydney during the Games. Many of the people in this temporary labour force will be new entrants to the New South Wales labour market or re-entrants, and will be employed in short-term casual jobs.

The Department of Industrial Relations is preparing material to inform this emerging work force that, even during one-off events such as the Olympic Games, employees will continue to enjoy the usual entitlements under New South Wales awards and New South Wales laws. A brochure in a question and answer format is designed to alert people to the kinds of issues that they might confront and will direct readers to contact the Department of Industrial Relations, the relevant unions or the Labor Council of New South Wales for further advice and assistance.

The brochure will be directed chiefly at young people whose knowledge of rights at work is likely to be limited. It will be distributed to high schools, TAFE colleges, universities, public libraries and backpacker hostels and will be available on the Department of Industrial Relations web site. Extensive links from other sites relevant to youth and job seekers are envisaged. The brochure is currently being printed and will be available for distribution in July 2000.

KINGS CROSS COFFEE SHOPS MARIJUANA SALES

The Hon. ELAINE NILE: I direct my question without notice to the Attorney General, and Minister for Industrial Relations. Is it a fact that five Roslyn Street coffee shops in Kings Cross, including the infamous

Amsterdam Cafe, have been selling the illegal drug marijuana to clients? It is a fact that the New South Wales Police Service does not have clear powers to close such premises and is forced to use the unworkable Disorderly Houses Act, which could take five years to reach any result? Will the Government introduce urgent legislation to give the New South Wales Police Service power to close these unsavoury pot coffee shops and padlock the doors while the owners are charged, placed before the courts and convicted?

The Hon. J. W. SHAW: I am not in a position to confirm or deny whether illegal drugs are being sold from the premises specified in the question asked by the honourable member. My understanding is that certain arrests have been made and certain charges have been laid in respect of people for some or all of those premises or adjacent premises in the Kings Cross area, and no doubt those charges will be pursued in accordance with the criminal law and due process.

The Hon. Dr B. P. V. Pezzutti: I doubt it.

The Hon. J. W. SHAW: The Hon. Dr. B. P. V. Pezzutti says, "I doubt it." I do not doubt it. If charges have been laid by the police, I am confident those charges will be pursued appropriately in accordance with due process and the criminal law. The honourable member's question then passed on to a consideration of what powers the police have, as the honourable member puts it, to close down those premises. Of course, the primary power of the police is to charge and arrest those whom the police reasonably apprehend are guilty of a criminal offence. That process, as I understand it, has been embarked upon. Power is also vested in police officers to move in the Supreme Court, pursuant to the Disorderly Houses Act, where a premises is one where there is some trafficking in alcohol or illegal drugs contrary to the law. I understand that the police are likely to proceed on that basis and to make the appropriate application to the Supreme Court. I do not accept for one minute that such an application would take years to proceed with.

Reverend the Hon. F. J. Nile: Disorderly houses.

The Hon. Elaine Nile: They will just move to another building.

The Hon. J. W. SHAW: The honourable member says that if you declare a particular premises to be a disorderly house, the activities might move to another premises. That is a different point. Of course that is always possible. I have practical experience in this area. I have acted for the Crown over the years in having premises declared as disorderly houses, and I have done so with success and, I think, expeditiously. I just do not believe that it takes five years to deal with this.

Reverend the Hon. F. J. Nile: I will give you some case histories.

The Hon. J. W. SHAW: That is a different issue from the problem that occurs in any criminal venture through people changing premises. I take that point; I understand the mobility of crime. Where police clamp down on crime in a particular geographical area, there is always the possibility of a physical transference of that crime to some other geographical area. That is a perennial problem that law enforcement officers have grappled with. I hope I have shed a little light on the matter. I am not sure whether a formal application has yet been made to the Supreme Court, but I have been involved in giving some advice on the matter and I have been in touch with Crown Law officers about the viability of an application in that respect.

May I give the House a little further information arising from the honourable member's question. I am informed that in the past six months 230 people have been charged in the Kings Cross area for the possession of drugs, and 77 for dealing in drugs. Those operations, I am informed, have been strengthened by the establishment of a new police strike force, which will concentrate on policing cafe-type premises in the Roslyn Street area. I am told that proceedings under the Disorderly Houses Act 1943 will be expedited.

The Hon. J. F. Ryan: That is not a criminal offence though, is it?

The Hon. J. W. SHAW: There is some debate about whether proceedings under the Disorderly Houses Act 1943 are criminal proceedings or not. I have been through the cases, and I think at least one judge has said they are in the nature of criminal proceedings. I would have taken a different view: that they are probably civil proceedings. But that may need to be debated. If they are civil proceedings, of course, they can be prosecuted on the basis of the balance of probabilities. And if, on the balance of probabilities, there is a persistent chain of conduct in a particular premises, the declaration can be made by the Supreme Court and certain quite drastic consequences follow.

If the declaration is made by the Supreme Court, one significant consequence is that the police can enter those premises 24 hours a day without a search warrant. Another is that if a person enters those premises, that would be an offence unless that person, bearing the onus of proof, can prove that he or she is there for innocent reasons. So there is a very strong deterrence for entry to those premises. But the House should not be misled by comments that the disorderly houses legislation applies only to brothels. It does not. It is, clearly, sufficiently comprehensive to deal with any premises on which there is a pattern of criminal behaviour, including in particular the sale of alcohol contrary to the licensing laws or the sale of illegal drugs. So it is a comprehensive piece of legislation. I think we will see that tested in the courts in the very near future.

OLYMPICS GAMES FUNDING

The Hon. C. J. S. LYNN: My question is to the Treasurer. Given that at midnight last night you dipped your hand into the Australian taxpayer's pocket to the tune of $140 million for more Olympic funding, can you explain why you misled the New South Wales taxpayers when you explicitly stated in your recent budget speech that "the Olympics were fully paid for"? Furthermore, you stated that the budget makes ample provision for all of the remaining Olympic-related expenses.

Can you explain why the Government blatantly ignores parliamentary accountability by arrogantly refusing the Opposition's request to refer the matter to the estimates committee? Is it the fact that the SOCOG shortfall is actually $70 million, and that the extra $70 million is for additional risks that may emerge? Given that the Government seems to have the ability to pull funding out of a bottomless bucket, would you also give a commitment for a dairy industry structural adjustment support scheme? Will you also provide details of the cost impact of this midnight raid on all government departments?

The Hon. M. R. EGAN: In one sense I want to thank the Hon. C. J. S. Lynn because I was getting a bit sick and tired of sitting here. I mean, I don't come down to question time just to look at 41 old and ugly faces! I have been here for 35 minutes without being asked a single question. So finally the Hon. C. J. S. Lynn, who recently self-demoted himself from the Opposition front bench, has saved my bacon and asked me a question. He has done for me what he has done for Kerry Chikarovski. I actually commended the Leader of the Opposition, the Hon. Kerry Chikarovski, on the Saturday of the ALP annual conference at the Town Hall. I said her dismissal of Mr Debnam was at long last showing leadership, and I urged her to go further. I urged her to get rid of more of the dead wood on the Opposition front bench.

Now, I did not nominate any of the dead wood, although if I had been asked to nominate them I certainly would have included the Hon. C. J. S. Lynn. I recommended that the dead wood could be replaced by some of the more experienced hard-working backbenchers, like Wayne Merton, Jim Samios, John Jobling and Malcolm Kerr. I am very pleased to see that the Leader of the Opposition has taken my advice and persuaded probably her only real supporter in the Liberal Party to stand down from the Opposition front bench, and has returned Mr Merton to the shadow Cabinet. He was a Minister once. We all remember his performances then—which we enjoyed at the time. We welcome him back to the Opposition front bench. I urge the Leader of the Opposition to go even further—to get rid of more of the dead wood.

The Hon. D. J. Gay: How about answering the question?

The Hon. M. R. EGAN: I will.

The Hon. D. J. Gay: It is a very important question.

The Hon. M. R. EGAN: It is an absolutely important question. I urge her to appoint John Jobling, who has been waiting for 40 years. It is time he had his chance. And it is time that the Deputy Leader of the Liberal Party, the Hon. James Samios, who is indeed a wise and experienced man, was reappointed to the shadow Ministry. I think it is an absolute disgrace that he was removed after the last election—notwithstanding the fact that he is the Deputy Leader of the Liberal Party in this place. Now, before I go on to answer a very important question asked by the Hon. C. J. S. Lynn, could I welcome to the Chamber today—I am surprised the President has not done it—the Assistant Secretary of the New South Wales Labor Council, Mr John Robertson, who is obviously on a mission from Mr Michael Costa to ascertain what conditions are like in this Chamber. I hope Mr Robertson will tell Mr Costa that unless he gets a move on he will find that I have abolished the place before he

even gets here. I hope he takes that message back to Sussex Street. Let me quote—I love quoting my own words—what I said at the time of the budget. This is what I said:

> With this Budget, all of the Olympic and Paralympic costs are covered—every single last cent. The Games are now paid for.
>
> Tomorrow—

that was 24 May—

> the final payment will be made on the last of the permanent Olympic and Paralympic venues.

I interpose to say that that payment has been made. It was made by three great athletes—Herb Elliott, Chris Fydler, who I am hopeful will win an Olympic medal in one of the swimming sprint events this year, and the great Paralympian Leisl Tesch. I was pleased to be there, not to make the payment, because they made the payment on behalf of the Government and the people of New South Wales, but to get their autographs. I had never got their autographs before.

The Hon. Patricia Forsythe: Are you going to the basketball?

The Hon. M. R. EGAN: I will be going to the basketball. I have the date pencilled into my diary. I went on to say:

> As well, this Budget makes ample provision for all of the remaining Olympic-related expenses.

Those statements were true when I made them, they are true now, and they will stay true. Not one single cent will be borrowed for either Games venues or Games operations. Every possible conceivable cost—not just the $140 million, which we are proposing to put into an additional SOCOG contingency fund—is covered by specific appropriations in the budget, by the Treasurer's Advance, which is some $160 million for 2000-01, and by State budget surpluses, which amount to $1 billion in this financial year 1999-2000; $1 billion even after we appropriated this additional $140 million. We still have a surplus of $1 billion and a projected surplus of $659 million in the 2000-01 budget.

I thank the Hon. C. J. S. Lynn for the opportunity he has given me to point out, once again, that we have not gone into debt to pay for the Games, and that we have not gone into debt to pay for the venues. We have not only covered all those costs; we have also paid all the cheques, including the final cheques for all the permanent Olympic venues. We have paid for the Games up front and, as we have been paying for them up front; we have reduced the State's total net financial liabilities by some $7 billion. Do Opposition members know that for the past few years I have been paying down the $7 billion debt that they chalked up in their seven years in government? They added $7 billion to this State's debt. I have reduced the State's liabilities by $7 billion and, at the same time, I have paid for the Olympics. I thank the Hon. C. J. S. Lynn for his question. I hope he asks me another question tomorrow, the day after and the day after that. I also congratulate him on demoting himself from the Opposition frontbench.

ANIMAL LOGIC

The Hon. A. B. KELLY: My question without notice is directed to the Treasurer, and Minister for State Development. Will the Treasurer update the House on the latest success achieved by member companies in the Australian technology showcase?

The Hon. M. R. EGAN: I have been waiting for this question for a number of days. The Hon. I. M. Macdonald indicated that he was going to ask me this question. Where has he gone? Where is the Parliamentary Secretary of the Special Minister of State? I thank the Hon. A. B. Kelly for asking me this important question, which, in a way, is an Olympic-related question. Honourable members would be aware of an advertising campaign on television—does the Hon. Patricia Forsythe watch television?

The Hon. Patricia Forsythe: Not much.

The Hon. M. R. EGAN: I do not watch it much either, but a week or two ago I actually made a point of sitting in front of the television, watching the commercial channels and flipping with a gadget that I have

from channel to channel, to see an advertisement that I had read about—the advertisement featuring Ian Thorpe, the greatest swimmer of our time, racing a pool full of Australian fur seals. Has the Hon. Patricia Forsythe seen that advertisement?

The Hon. Patricia Forsythe: Yes.

The Hon. M. R. EGAN: Good. The big challenge facing the production of that advertisement was to marry the footage. Ian Thorpe is not just the most fabulous swimmer the world has ever seen; he is also a most stunning young man. The Hon. Patricia Forsythe might have had the honour, as I did, the day before the Federal Government's Australia Day function at the Hordern Pavilion at Fox studios, of meeting Ian Thorpe, a really remarkable young Australian. By the way, this advertisement was shot in a pool at Pymble. I do not know why it was shot in a pool at Pymble as, after all, Ian Thorpe is a Milperra boy and has done nearly all his training at the Sutherland Olympic pool. I do not know why he was dragged all the way to the Pymble pool.

The Hon. Patricia Forsythe: It is closer to the agency.

The Hon. M. R. EGAN: Pymble might be closer to the agency, which would be a toffy agency if it is located at Pymble. The agency had to marry the footage of Ian Thorpe with the footage of the seals. Believe it or not—and this will come as a surprise to the Hon. C. J. S. Lynn—the seals were not actually in the pool at Pymble and they were not actually racing Ian Thorpe. They actually came from Sea World on the Gold Coast.

The Hon. J. F. Ryan: Why didn't they use New South Wales seals?

The Hon. M. R. EGAN: I do not know. It is a Liberal Party advertising agency, so the honourable member would have to ask the agency. I do not know whether we have seals in New South Wales.

[*Interruption*]

I take the point made by the Hon. I. Cohen, though I do not like agreeing with him. I am sure that Taronga zoo would have a few, but probably not in an Olympic pool. So the agency had to go to Sea World on the Gold Coast. To seamlessly bring this footage together the producers sought out the best visual effects company they could find—Animal Logic. The advertisement works because the colour, lighting and backgrounds match so well that the illusion of Ian Thorpe and the seals competing in the same pool is absolutely flawless.

The Hon. J. F. Ryan: Marvellous!

The Hon. M. R. EGAN: It is marvellous, as the Hon. J. F. Ryan pointed out.

The Hon. J. J. Della Bosca: I have not seen the advertisement.

The Hon. M. R. EGAN: The Special Minister of State should do what I did. He should stay home one night and flick from station to station. Honourable members would be aware that Animal Logic is one of the world's leading visual effects companies and a member of the Australian Technology Showcase—an initiative of this Government and, more particularly, an initiative of its Treasurer, and Minister for State Development. The company is best known for its work on *The Matrix*. Honourable members would be aware that that film recently won the Oscar for best visual effects. Animal Logic has also recently worked on other major international films, including the *Thin Red Line*, *Holy Smoke*, *Babe*, *Pig in the City* and the local productions *Angst*, *Strange Planet* and *Me Myself I*.

The Hon. J. J. Della Bosca: It is a good movie.

The Hon. M. R. EGAN: It is a good movie. I thought it would be a perfect title for my autobiography, and that was in one of my more modest moments. Over the last 10 years Animal Logic has carved out for itself a prominent position among the world's best computer animation companies. The company has worked on the world's biggest advertising campaigns, including the two latest Lucozade advertisements featuring the cyberspace pin-up girl Lara Croft. I do not know her and I do not know that advertisement.

The Hon. J. J. Della Bosca: She is a virtual girl.

The Hon. M. R. EGAN: I think members of the Opposition should go and see Animal Logic because they need some virtual shadow cabinet ministers. They would certainly do a better job than the real product. Animal Logic is now working on the second series of the United States of America produced science fiction television show *Farscape*, which is being filmed in Sydney.

[*Interruption*]

I did not know that.

The Hon. C. J. S. Lynn: Until you read it just then.

The Hon. M. R. EGAN: I did not know that until I read it just then. Animal Logic's work is best when it cannot be seen. That is the whole purpose of Animal Logic's work. One does not want to see its work. Whether it is creating a summer rainstorm or turning an overcast day into a sunny one, its work is of the highest quality. Animal Logic has offices at Crows Nest and at Fox Studios and employs about 100 highly skilled people. I have been to the Animal Logic office at Fox Studios and I would urge members who have not been to Fox Studios yet to go and have a good look round. They should not only look at the public spaces, the Bent Street retail section, the back lot and the outside of the studios, but go into some of the firms that do really skilled work to remind us what a very technological and highly skilled economy we now have.

The Hon. Dr B. P. V. Pezzutti: Point of order: I have raised before the issue of Ministers making ministerial statements during question time. I raise it with you again, Madam President. This is a second go at doing a job lot for Fox Studios. I draw your attention to the fact that the Minister's answer is taking up the time of question time, the only chance that members of the Opposition have to question the Government about its operations. It is an abuse of question time. It should stop and you should take steps to do something about it.

The Hon. M. R. EGAN: It is absolutely appalling that the Hon. Dr B. P. V. Pezzutti does not believe that the achievements of an Australian company that has won an Oscar are not worthy of a question and an answer in this House.

The PRESIDENT: Order! I repeat the ruling of previous Presidents, which is that in this House Ministers may answer questions in the way they see fit.

The Hon. M. R. EGAN: Finally, may I on behalf not just of the Government but of every member of this House, other than the Hon. Dr B. P. V. Pezzutti, congratulate Animal Logic on its amazing work. I look forward to bringing members more good news from that company in the not too far distant future.

The Hon. J. F. Ryan: I own some of their products.

The Hon. M. R. EGAN: There you are, and the Hon. Dr B. P. V. Pezzutti says that nobody is interested. Another split within the Liberal Party. Why does the Hon. J. F. Ryan not get a guernsey on the Liberal Party frontbench?

The Hon. Dr B. P. V. Pezzutti: The Minister is seriously misrepresenting what I said. I ask him to withdraw those statements because they misrepresent my position.

The PRESIDENT: Order! As I had already called Reverend the Hon. F. J. Nile, everything that followed was an interjection. Interjections are disorderly at all times, so I cannot rule on them.

CRIME INDEX

Reverend the Hon. F. J. NILE: I ask the Treasurer, representing the Minister for Police, a question without notice. Is it a fact that New South Wales police measure less serious crime offences to determine the police crime index for the determination of police performance and the allocation of resources within a particular region, which has resulted in the ridiculous notion that Roseville has more crime than Cabramatta? Is it a fact that the crime index, as well as the police priority list, only includes assault, break and enter, robbery, stealing and motor vehicle theft, but does not include drug-related crime, murder, attempted murder, et cetera?

As the crime index does not give an accurate picture of crime in our State, will the Minister direct the police commissioner to give cognisance to the driving force behind most crime and include drug-related

offences and illegal drug transactions in order to give a clearer picture of crime in our State? Will the Minister also direct the New South Wales police commissioner to include drug-related crime and drug offences in the New South Wales police priority list so that we do have a fair dinkum war against drugs and not a clayton's war?

The Hon. M. R. EGAN: I assume that Reverend the Hon. F. J. Nile's question is based on some assertions in the media in recent days. I would, of course, warn Reverend the Hon. F. J. Nile and other members of the House about taking too seriously anything they read in the *Sydney Morning Herald* or the Fairfax press. I am sure that the *Daily Telegraph*, which is more a journal of record than the Fairfax newspapers, would not make such a gross mistake. But I will certainly refer the honourable member's question to my colleague the Minister for Police, who I know will give me not only a prompt answer but a very satisfactory one.

WORIMI JUVENILE JUSTICE CENTRE CLOSURE

The Hon. PATRICIA FORSYTHE: I ask the Minister for Juvenile Justice whether the Government is keeping under review the impact of the closure of Worimi. Is it a fact that travelling costs are already higher than originally anticipated even though remand beds have not yet been closed? Was there a case recently of a juvenile at Worimi being transferred to Acmena at Grafton only to be returned to Worimi at 2.30 a.m. a couple of weeks later, and the next morning being sent to Cobham in western Sydney to attend a TAFE course for one day before being returned to Acmena? Will the Government admit that closing Worimi was no solution to the department's budget problems?

The Hon. CARMEL TEBBUTT: Of course, the impact of any decision that is made is reviewed by the Government and by the department. That is just good management practice. The closure of Worimi is on track, as I have outlined previously to the House: the centre is scheduled for closure on 1 July 2000. I have outlined on a number of occasions previously to the House the reasons behind the closure, principally the fact that the 1996 Ombudsman's report into juvenile justice quite clearly highlighted the inadequate physical construction and poor recreational space and general layout of the Worimi Juvenile Justice Centre. It could not meet the Australian standards and it was not providing a satisfactory state of accommodation for detainees.

The Hon. Patricia Forsythe: Build another one.

The Hon. CARMEL TEBBUTT: The Hon. Patricia Forsythe said, "Build another one." What the Hon. Patricia Forsythe does not seem to want to acknowledge or recognise is that the Government's juvenile justice policies are working: they are resulting in a continual decline in the number of young people in detention. There has been a substantial reduction in the number of young people in detention since this Government was elected: from some 500 in 1995—and I have given these figures to the House on many occasions—down to an average now of 354.

Initiatives such as improved post-release support programs, the introduction of youth justice conferencing and greater options for magistrates are working. They are diverting young people from the formal detention system. The recent report into youth justice conferencing showed that it is having a very real impact on breaking the juvenile crime cycle. The Government should be congratulated. I could never support building more detention facilities that are not needed. As of yesterday there were 361 detainees in the system, and that is quite high for this period, compared with recent figures. The department has 448 beds available.

The Hon. Patricia Forsythe may well support putting resources into building more detention centres that are not needed but I support putting resources into community-based facilities and into programs that will result in a breaking of the juvenile crime cycle. There is no need to put resources into the building of a new detention centre when, quite clearly, there is an overcapacity in the system at the moment. So the Government once again stands by the decision to close the Worimi Juvenile Justice Centre. It is true that there has recently been an increase in the number of young people remanded from the Newcastle area, but there is no crisis of accommodation in Worimi as numbers are adequately catered for under the plans laid down two months ago for the closure of Worimi.

SYDNEY FUTURES EXCHANGE

The Hon. A. B. MANSON: Will the Treasurer provide details to the House on the latest development to reinforce Sydney's position as one of the leading financial centres in the Asia-Pacific region?

The Hon. M. R. EGAN: At 10.00 a.m. yesterday three new grain futures markets began trading on the Sydney Futures Exchange. I am pleased to see that the Hon. Patricia Forsythe is aware of that. The contracts are based on barley, canola and sorghum. I happen to know something about sorghum, having conducted an inquiry into the Grain Sorghum Marketing Authority back in 1982 when I was Chairman of the Public Accounts Committee. The new markets have been designed specifically by the Sydney Futures Exchange to meet the needs of all parts of the Australian grain industry. The markets will effectively replace the need for traders to take their business offshore to the Canadian and United States markets. Australian-based grain businesses can now access futures products locally, during our time zone and in Australian dollars.

This is a great step forward for the grain industry in Australia. Growers, grain handling firms, millers, trading organisations, stockfeeders and exporters will now find it easier to manage the risk of buying and selling these grains. It is estimated that within three years the combined annual turnover of the three new markets may amount to 250,000 trades, worth up to A$6 million a day. When complemented by the Sydney Futures Exchange's existing wheat futures and options products, the new barley, canola and sorghum contracts provide a comprehensive suite of hedging tools for the Australian grains industry. These new markets reinforce Sydney's and Australia's position as a major financial centre in the Asia-Pacific.

As honourable members will be aware, Sydney Futures Exchange was the first futures exchange in the Asia-Pacific region to close its trading floor and start full-time electronic trading. As with all Sydney Futures Exchange products, the three new contracts will be traded electronically around the world, 24 hours a day. The Sydney Futures Exchange continues to be the largest financial futures and options exchange in the Asia-Pacific region, and last month celebrated 40 years of operations. In 1999 more than 29 million futures and options contracts were traded at Sydney Futures Exchange with the value of almost A$10 trillion.

The Hon. Dr B. P. V. Pezzutti: When you answer questions it is little wonder that members go to sleep. Your answers are boring, repetitious and unexciting.

The Hon. M. R. EGAN: Tomorrow I will not wake you, because you have been very troublesome.

The Hon. Dr B. P. V. Pezzutti: I have been sitting here resting my eyes, because they are sore. I will go to sleep next time.

The Hon. M. R. EGAN: Okay, and I will not wake you up. We will leave you there overnight. I congratulate the exchange on this new venture and I wish all involved every success.

As the time for questions has finished, I suggest honourable members put any further questions on notice.

KOOMPAHTOO ABORIGINAL LAND COUNCIL

The Hon. J. J. DELLA BOSCA: On 23 May the Hon. D. E. Oldfield asked a question about the Koompahtoo Aboriginal Land Council. I am advised by my colleague the Minister for Urban Affairs and Planning, and Minister for Aboriginal Affairs that the answer is as follows:

> Allegations of intimidation and violence among members of the Koompahtoo Local Aboriginal Land Council [KLALC] have been reported to the Registrar, Aboriginal Land Rights Act, 1983. On receiving this information, the registrar informed members that they must immediately report such behaviour to the police.
>
> Under rule 10 of the model rules a local Aboriginal land council may suspend a member for a period of up to six months, if the council decides that a member's conduct is detrimental to the best interests of the council.
>
> The rules outline the procedure which must occur before a member is suspended: notice of the proposed suspension must be included in the notice notifying of the next meeting of the council; the member whose suspension is under consideration must be allowed to address the meeting or to submit a written explanation which must be read to the meeting; voting on the question and the period of suspension must be by secret ballot; and if at least two-thirds of the members attending the meeting vote in favour of suspension of the member for a certain period of time, that is the decision of the council.
>
> Under section 23 (1) (i) of the Aboriginal Land Rights Act 1983 the New South Wales Aboriginal Land Council is to ensure that local Aboriginal land councils comply with the Act in respect of the establishment and keeping of accounts and the preparation of budgets and financial reports. The New South Wales Aboriginal Land Council has provided information that it has concerns regarding the reporting of a mortgage of a parcel of land owned by the KLALC. The New South Wales Aboriginal Land Council has engaged an auditor to examine this matter.

KANGAROO INDUSTRY

The Hon. J. J. DELLA BOSCA: On 23 May the Hon. R. S. L. Jones asked a question without notice regarding the kangaroo industry. I have received advice from the Minister for Agriculture that the answer to the honourable member's question is as follows:

The New South Wales Meat Industry Authority implements a series of national standards, developed by the Agriculture Resource Management Council of Australia and New Zealand [ARMCANZ] Meat Standards Committee in the meat industry in New South Wales.

The Australian Standard for the Hygienic Production of Game Meat for Human Consumption is applied to the game industry, which includes kangaroos for human consumption and requires process control to be achieved through the application of the Hazard Analysis Critical Control Point [HACCP] approach, using the seven principles defined by the joint FAO/WHO Food Standards of the Codex Alimentarius Commission, Twentieth Session, Geneva.

Game meat processors processing product intended for export are required by AQIS to have in place International Standards Organisation-based, Meat Safety Quality Assurance [MSQA] programs incorporating HACCP principles in the same manner as those processors producing meat for export from domesticated animals.

CASUARINA BEACH ESTATE DEVELOPMENT

The Hon. J. J. DELLA BOSCA: On 24 May the Hon. R. S. L. Jones asked a question regarding Casuarina Estate clearing. I am advised by the Minister for Urban Affairs and Planning that the answer to the honourable member's question is as follows:

It has not been established whether the clearing which allegedly occurred on the Cabarita Estate was illegal. However, this is a matter for the Tweed Shire Council to investigate as the local planning authority.

The conditions of consent for the Casuarina Beach residential development do not permit construction within the 7(f) zone.

The conditions of consent for this development also require that the location of the high watermark along Cudgen Creek must be established to the satisfaction of the Department of Land and Water Conservation.

The Minister is aware that this proposal has been controversial. The Minister did arrange for a senior executive of the Department of Urban Affairs and Planning to review the proposal and was advised that it was appropriate for the council to grant approval in accordance with the conditions proposed by council staff.

There is no justification for an investigation into the processing of this development by the council

DAIRY INDUSTRY NATIONAL FLOOR PRICE

The Hon. J. J. DELLA BOSCA: On 24 May the Hon. R. T. M. Bull asked a question about the dairy industry. I have been provided with the following answer by the Minister for Agriculture:

The request for a floor price for milk arose as a result of the very low post deregulation prices that processors were offering dairy farmers.

The reason a floor price has been requested is because the New South Wales Government believes it should explore every avenue possible to help maintain a reasonable return for our dairy farmers.

Such a floor price could be stepped down over a number of years to cushion the effect of deregulation on the dairy industry.

The New South Wales Government cannot operate an effective floor price without the co-operation of the Federal Government. Without this support there could be no impact on the Victorian Government. It should be noted that a floor price could be run with the legislation required to administer the current Federal package for the dairy industry.

A letter seeking this co-operation has been sent to Federal Minister Truss but no response has been received.

Another letter developing this concept further has recently been sent to the Minister.

NATIVE VEGETATION

The Hon. J. J. DELLA BOSCA: On 26 May the Hon. I. Cohen asked questions regarding native vegetation. The Minister for Land and Water Conservation has provided me with the following answers:

Investigations by the New South Wales Department of Land and Water Conservation, today, have disclosed that patches of trees within an 8,000 hectare area have been destroyed in preparation of the land for cropping. These trees were destroyed or injured by both mechanical means and by use of chemical defoliants. Yarrawa is one of four properties that could be affected.

Investigations of the reported alleged breach are still in progress. If the department investigators conclude that there has been a breach of the Native Vegetation Conservation Act 1997—not 1988—a decision will be made on whether prosecution action will be initiated, having regard to all the circumstances and the advice of the Crown Solicitor.

The Minister For Land And Water Conservation has advised me that the Department of Land And Water Conservation is taking this alleged breach very seriously and is carrying out a thorough investigation involving significant resources.

The department will continue to manage the situation in accordance with the requirements of the Native Vegetation Conservation Act.

SALINE PROCESSING TECHNOLOGY

The Hon. J. J. DELLA BOSCA: On 31 May the Hon. M. I. Jones asked a question regarding saline processing technology. I can now provide the honourable member with the following answer:

The Minister for Agriculture and Minister for Land and Water Conservation has advised me that Geo-Processors Pty Ltd and another private company, Anutech Pty Ltd, claim to have developed technology for the processing of saline water to produce electricity, biosolids and other chemical products. A pilot scheme is being carried out in collaboration with the Murray Darling Basin Commission—of which New South Wales is a partner—at a plant established in Victoria, at Lake Tutchewop near Kerang.

Representatives of the two companies met with the Minister in December 1999 and subsequently made a presentation on their proposal to the salinity subcommittee of Cabinet. Representatives also attended the Salinity Summit held at Dubbo in March this year.

The Department of Land and Water Conservation is currently monitoring the results from the pilot plant at Lake Tutchewop, and is assisting the companies by providing information on: possible sites in New South Wales which are likely to yield large quantities of salt; sites where salt interception schemes are in operation; and sites of future salt interception schemes.

The department has also nominated a contact person to act as liaison with the companies.

The New South Wales Salinity Strategy, which is currently being developed, will provide various means by which New South Wales can identify and act on market-based solutions to the salinity problem.

CASUARINA BEACH ESTATE DEVELOPMENT

The Hon. J. J. DELLA BOSCA: On 26 May the Hon. R. S. L. Jones asked a further question regarding estate development at Casuarina Beach. I am advised by the Minister for Urban Affairs and Planning that the answer to the honourable member's question is as follows:

The National Parks and Wildlife Service made recommendations to the Tweed Shire Council, including the extent of the buffer zone close to the Cudgen Nature Reserve. In 1996 the service proposed a 20 metre fire fuel reduction zone which was replaced in May 2000 by a "no development" 50 metre buffer.

The council is not bound by the recommendations of the service although it must consider them. In this instance, the department's consideration was that the service's late request was inappropriate. The development was approved by the council consistent with the service's original proposal.

The Minister, being aware that this proposal was controversial, arranged for a senior executive of the Department of Urban Affairs and Planning to review the proposal. However, the matter was subject to appeal in the Land and Environment Court by the developers against council's failure to process the applications within the statutory 40 days. In these circumstances, it was not possible for the Minister to call in the applications. The Minister did arrange for a senior executive of the Department of Urban Affairs and Planning to review the proposal and was advised that it was appropriate for the council to grant approval in accordance with the conditions proposed by council staff.

DAIRY INDUSTRY DEREGULATION

The Hon. J. J. DELLA BOSCA: On 2 June the Hon. M. I. Jones asked me, representing the Minister for Agriculture, a question regarding the deregulation of the dairy industry. I have been advised by the Minister for Agriculture that the answer to the honourable member's question is as follows:

The most significant package, which New South Wales Agriculture supports, is the National Dairy Industry Restructure Package. This package involves a $1.8 billion payment to dairy farmers financed by a Commonwealth legislated levy of 11¢ per litre on retail sales of all drinking milk—including UHT and flavoured—for eight years. New South Wales producers will receive an average $192,000 per farm totalling $337 million, which will assist farmers adjust to a deregulated environment.

An additional element of the nationally agreed package is the Dairy Regional Assistance Program. This program will provide $15 million in 2000-01 and each of the following two years—$45 million over three years—to ameliorate the potential impact of dairy industry deregulation on regional communities dependent on the industry.

In addition to this, the New South Wales Government has committed to a range of supplementary packages such as the 'Dairy Do It' program. The aim of 'Dairy Do It' is to provide services designed to minimise the stress and anxiety which individuals and families may experience as a result of the impending deregulation process.

Within the 'Dairy Do It' program there are three key areas of support:

Dairy Assist—which provides guidance on how to access the structural adjustment fund;

Dairy Family—which aims to provide social support to dairy families as they come to grips with changes to the dairying environment; and

Dairy Check—which helps dairy farmers re-assess their businesses and explore ways to review and improve their management practices in preparation for deregulation.

These measures are being co-ordinated by the Farmgate Deregulation Assistance Committee. The committee was established by the Minister for Agriculture and includes representatives from New South Wales Agriculture, the Department of Land and Water Conservation, the Dairy Division of Safe Food Production New South Wales, the New South Wales Dairy Farmers Association, the Dairy Farmers Co-operative, National Foods, and members of the Minister's own staff.

The committee will utilise funds already built into the retail price of milk to pay for financial and social counsellors to advise dairy farmers on new business directions. It will also provide a link to services and advice from New South Wales Agriculture on, for example, business diversification, and will dovetail into other industry-led programs such as the Dairy Business Focus Program.

QUESTIONS AND ANSWERS

The PRESIDENT: The Clerk has drawn to my attention that in Questions and Answers Paper No. 40, published on Friday 5 May 2000, a clerical error occurred in that question No. 410 was not included. The error was identified in the Clerk's office yesterday when the answer to the question was not received under the 35-day rule prescribed in Sessional Order 22. The relevant Minister's office was not informed of this error until this morning. The Minister's office has kindly offered to expedite the answer to the question. The member concerned has also been advised of the circumstances. In view of these circumstances, I will not invoke the requirement for the Minister to explain why the question has not been answered.

Questions without notice concluded.

BUSINESS OF THE HOUSE

Postponement of Business

Committee Reports Orders of the Day Nos 1 and 2 postponed on motion by the Hon. Jan Burnswoods.

HOME BUILDING AMENDMENT BILL

RACING TAXATION (BETTING TAX) AMENDMENT BILL

FAIR TRADING AMENDMENT (ENFORCEMENT AND COMPLIANCE POWERS) BILL

STATUTE LAW (MISCELLANEOUS PROVISIONS) BILL

Bills received.

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

Motion by the Hon. J. J. Della Bosca agreed to:

That these bills be read a first time and printed, standing orders be suspended on contingent notice for remaining stages and the second reading of the bills be set down as orders of the date for a later hour of the sitting.

Bills read a first time.

BILLS RETURNED

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

Occupational Health and Safety Bill
Trustee Companies Amendment Bill

DAIRY INDUSTRY BILL

Second Reading

Debate resumed from an earlier hour.

Reverend the Hon. F. J. NILE [5.06 p.m.]: Before debate was interrupted, I was in the process of outlining some of the background to the bill. I pointed out that there had been a review of the Dairy Industry Act in 1979. That was conducted to fulfil the New South Wales Government's commitment under the National

Competition Policy agreement. That review group concluded that three main restrictions remained in the Dairy Industry Act, including price setting and supply management arrangements; regulated food safety standards; and the provision of compulsory funded industry services. The most contentious was the price setting and supply management arrangements.

In view of the fact that the dairy industry worldwide was characterised by trade in heavily subsidised products from Europe and the United States, any comparisons for a cost benefit should be based on a world market price and not on a corrupted world market price. In addition, it was noted that deregulation of the industry would have a marked regional effect, particularly on the North Coast of New South Wales, in the Hunter region, and in the Bega region on the South Coast. The adjustment costs and the social upheaval would be very real and the compensating growth at the expense of these regions would exacerbate Sydney's present urban environmental and social problems.

So, it was agreed that the price setting and supply management arrangements should remain. However, as we know, Victoria decided to deregulate its industry and it did so from 1 January. This forced the Federal Government to offer a structural adjustment package to the industry nationally, contingent upon each State and Territory also repealing all remaining price setting and supply management arrangements by 30 June. I emphasise that, because some honourable members have said there is no time restriction and we can adjourn the bill and come back again in October. That is not technically possible. The structural adjustment package will provide a $1.8 billion cushion to the industry as it comes to terms with deregulation that will occur now at the farm gate.

The regulated food safety standards in the Dairy Industry Act 1979 were found to provide a net public benefit and were transferred to the Food Production (Safety) Act 1998 when part of that Act commenced on 1 July 1999. The New South Wales Dairy Corporation was dissolved and its assets transferred to Safe Food Production New South Wales.

I have been given the value of the proposed dairy industry adjustment program. I am not sure whether other speakers have given this detail to the House, but it is important to understand what is happening nationally. On the surface it seems that New South Wales is being discriminated against, but the explanation is that Victoria has a huge amount of manufactured milk and many more dairy farmers than New South Wales. The money value of the program has been based on total production of market milk and manufactured milk. That is then translated into millions of dollars based on each litre of 1998-99 market milk receiving 46.23¢ per litre and manufactured milk receiving 8.96¢ per litre.

For example, New South Wales produces 597 million litres of market milk, whereas Victoria produces 508 million litres of market milk. New South Wales produces only 689 million litres of manufactured milk, whereas Victoria produces 5,914 million litres of manufactured milk. Total production for New South Wales is 1,285 million litres and 6,422 million litres for Victoria. Translated into dollar terms, that means the total payment to New South Wales will be $337 million and the total payment to Victoria will be $765 million. Obviously milk production in the other States is much lower. For example, the total payment to Queensland will be $220 million; South Australia, $127 million; Western Australia, $18 million; and Tasmania, $76 million. The total for Australia will be $1,634 million.

That amount will be funded by a levy of 11¢ per litre of milk. It is important to note that none of the funding for the dairy industry adjustment program is coming out of the Federal budget, despite the fact that the Federal Government has a surplus, is able to provide billions of dollars in tax cuts and other benefits as part of the tax reform package, and is providing for all the goods and services tax [GST] revenue to go to the States, not the Federal Government. There seems to be a strong argument for input by the Federal Government, perhaps in the same way as it contributed to the forestry industry restructuring package. In that case the Federal Government matched the State Government dollar for dollar.

I urge the State Government—although I am sure it has already considered this—to consider seriously negotiating with the Prime Minister and the Federal Treasurer for the Federal Government to match any State contributions dollar for dollar. For argument's sake, if the Federal Government allocated $45 million, the State Government would allocate $45 million. That $90 million still may not be adequate but it would certainly provide some practical assistance to farmers in smaller farming areas, where 600 to 900 farmers could go to the wall through no fault of their own after diligently and faithfully carrying out their farming profession. Some consideration should be given to that proposition.

Other speakers in this House and in the lower House referred to the fact that two dairy farmers committed suicide recently and one dairy farmer attempted suicide. Many dairy farmers cannot cope with the pressure they are now experiencing, and there is a strong possibility—indeed, it is more than a possibility; it is a reality—that they could lose their farms and all they have worked for all their lives. People who work in administration can cope with facts and figures. However, farmers, who are practical, intelligent people who prepare their own tax returns and so on, could be snowed by the debate about dairy industry deregulation.

Farmers will be under tremendous pressure if they think they will go out of business because the price paid for their milk will be less than the cost of producing it. I was a member of the standing committee inquiry into rural suicide. We had to face the reality that there was a high suicide rate among males in the country, even two years ago, simply as a result of general pressure in the farming sector, not specific pressure such as will apply in the dairy farming sector after deregulation. I urge the Government and the Opposition, which obviously has influence with the Federal Government, to lobby the Federal Government to create a package that supplements the dairy industry adjustment program. As I said, the dairy industry adjustment program will be funded by a levy on milk; it will not come out of the Federal budget.

The New South Wales Treasurer boasted how successful Treasury has been. He said that Treasury has a surplus of $1 billion that he does not need. Yesterday, he plucked out $140 million to meet extra expenditure for the Olympic Games. That funding may be used to meet the extra costs that have resulted from the arm twisting of the Olympic Co-ordination Authority, SOCOG and the unions. All the professional participants in the opening and closing ceremonies have made a claim for higher payments than were originally agreed. Those increased payments may come out of that $140 million. No doubt the State Government is not bankrupt. It does not have an empty cupboard, so to speak; there is money available.

The Hon. J. J. Della Bosca: It is still struggling.

Reverend the Hon. F. J. NILE: The Government is not struggling—far from it. The Government is benefiting from the general economic upturn in New South Wales and, indeed, across Australia. It is a pity that the dairy industry will not be sharing in that economic upturn; it will be going in the opposite direction. I urge the Government and the Opposition to lobby the Prime Minister and the Treasurer for a dollar-for-dollar package, as happened with the forest industry assistance plan. The Western Australian Government, which seems to do a lot of good things—I congratulate that Government on its drug policy; it has the lowest drug overdose death rate in Australia as a result of its zero tolerance and naltrexone programs—has agreed to provide $27 million over three years to assist the Western Australian dairy industry during the transitional period. It has also added another $10 million from ownership and net assets of the Dairy Industry Authority, making a total package of $37 million.

All this reorganisation raises in my mind the availability of assets. Perhaps assets such as property could be sold and the income derived from the sale added to an assistance package, as often happens with these major restructuring situations. That is what the Western Australian Government has done. Cabinet agreed to transfer to industry the ownership and net assets of the Dairy Industry Authority and the Herd Improvement Service of Western Australia, worth in excess of $10 million. Similar authorities or organisations that are being either wound up or closed down may be affected by this legislation.

The money derived from the sale of those bodies could be made available to form part of an assistance package as well. I urge the Government to review that matter. I note that the explanatory note to the bill clearly indicates that the Government is aware that the bill cancels the quota system. Dairy farmers were able to borrow money on their quotas, the banks knew that they had guaranteed income and that they had a quota system which was as good as money in the bank. The explanatory note to the bill, in referring to clause 14, reads in part:

> … or the implementation, operation, cancellation or variation, of any scheme under section 9 (1) (g) of the *Dairy Industry Act 1979* (that is, a quota scheme), or for any consequence of any such matter …

A taxi plate purchased by a taxi owner has actual value. In this case, a milk quota has actual value but the bill cancels that quota system. I tried to work out how the Government was dealing with the quota system, but the legislation does not refer to quotas. Quotas are referred to in the explanatory note but are not referred to in any other part of the bill. It seems that the legislation pretends that quotas do not exist. Clause 14 reads in part:

> (b) compensation because of the implementation, operation, cancellation or variation of any scheme under section 9 (1) (g) of the *Dairy Industry Act 1979* or for any consequence of that implementation, operation, cancellation or variation, or …

I believe that the Government should have been honest by including in the bill "no compensation" for the quota system. Even if the Government does not accept the Opposition's amendment to seek to include compensation in the legislation, I believe that the Government has an obligation, on the basis of natural justice and legal rights, to provide compensation for the loss of valuable milk quotas. It is not a problem so much for the older farmers who may have intended to sell up their farms or who may not have young sons to inherit those farms. However, a number of cases have been brought to my attention in which young farmers in recent years invested their savings in buying a quota, and suddenly the quota disappeared right in front of their eyes. Quotas worth hundreds of thousands of dollars—the farmers' life savings—simply disappeared overnight. The farmer may have even borrowed the money to buy the farm and quota.

I understand that the Government has assured the Dairy Farmers Association that the Minister will look into the matter after the bill is passed. I have raised this aspect with some members of the Government. I urge the Minister, before we conclude the second reading debate, to provide the House with an assurance that once this legislation is passed the Government will give serious consideration to an industry assistance scheme, ideally dollar for dollar with the Federal Government, so that we can meet our State obligation as part of a national obligation and not have the bill defeated.

The Hon. D. J. Gay: The Treasurer has just announced a $1 billion surplus.

Reverend the Hon. F. J. NILE: I know. I have just been discussing that. The other question is: Did either the State Government or the Federal Government make any attempt to relate the payment that the dairy farmers will receive from the adjustment package to the respective quotas that the farmers had? So far as I can see, there has been no attempt to do that. We have heard that one wealthy farmer who has 2,000 cows—this is hearsay; I am quoting a member of this House—will receive $8 million, but apparently the farmer has said that he does not need the money at all. However, other farmers who purchased a quota desperately need the money. It appears that it would have been quite simple to try to adjust the structural adjustment package more closely in line with actual quotas, almost like a means test, by determining the value of the quota and relating the assistance package to the quota.

The Hon. D. J. Gay: What if they have borrowed money to buy the quota?

Reverend the Hon. F. J. NILE: I have indicated that. I have heard that some young farmers have borrowed money and purchased quotas, only to see their investment disappear overnight. It is a very serious matter. As I have said, the money that is coming forward in this assistance adjustment program is not from the Federal Government's budget but from a levy. I urge the Government to line up the Rural Assistance Authority as a priority activity to contact all dairy farmers in advance as this bill goes through the House; and to offer economic assistance and advice to dairy farmers, rather than wait for them to come knocking on the Government's door.

I note that the requirements in the bill with regard to Safe Food Production New South Wales are very detailed. I believe that they could be used to try to slow down the supply of Victorian milk into New South Wales. The bill provides Safe Food with the power to "publish reports, information and advice concerning the production, collection, treatment", by involving "the carriage, storage, distribution, delivery, supply, use or sale of milk or dairy products". I believe the Safe Food organisation has a responsibility to ensure that milk coming into this State from Victoria is of the same high quality as New South Wales milk. Perhaps without upsetting the constitutional arrangements of free trade between States, Safe Food could be disqualified as it does not meet the milk standard in New South Wales. I understand that Victoria's milk is of a lower quality; that is why it was used for making butter, cheese and other manufactured products and not sold simply as milk.

I have received many letters from dairy farmers. I said that I would raise their concerns in the House and I would like to place their names on record so as to keep faith with them. We are pleased that the Federal Government acted to try to set up this package. As I have said, it is only through a levy that the package will become available. With regard to what will happen in respect of the money that will go to the farmers, in debate in the other place it was suggested that, if the compensation package were $80 million, that would break down to $40,000 per farmer, yet the average farmer would lose twice that amount in the first year of deregulation. I have been told that many farmers will lose between $80,000 and $100,000 from their annual income. That is a very serious matter. Obviously, those farmers would be bankrupted.

If the milk price drops from 53¢ per litre to 40¢ per litre, for example, the average farmer will lose $43,779 from a gross income of $267,337. If the price drops to 35¢ per litre, then the dairy farmer will lose

$59,815 a year. If the price drops to 30¢ a litre, the farmer will lose $75,851 a year. If it drops to 27¢ per litre—and it has been suggested that that will be the highest price that dairy farmers will receive—the dairy farmers will lose $85,473 a year. How can a farmer survive when he loses an average of $100,000 out of a gross income of $267,337? That amount covers his wages, support for him and his family and wages paid to employees who work on the farm. It is inevitable that the dairy farmer will become bankrupt. That is why the Government and many others have said that many dairy farmers will be forced to walk away from their properties.

If there is a slump in the price of properties in dairy farming areas, even a valuable dairy farm can suddenly become valueless. At that point, who would want to buy the dairy farm at its correct value? People would want to buy it at a cut price or a very low price, and perhaps a very large dairy farming operator may take over some of the smaller dairy farms at a low cost and build a large dairy farming organisation. As I mentioned earlier, a monopoly situation could result with just a few large dairy farming organisations operating in New South Wales.

I have been sent material by Robyn and Tony Allen, who own a dairy farm in the Bega Valley area, which is one of the areas that the inquiry revealed would be hardest hit by deregulation. Bega Valley dairy farmers are in a great state of concern and anxiety over this legislation. Some of the material they have provided to me is critical of those who have pushed for deregulation and acceptance of the package. An attachment to the correspondence states in part:

> The "tired" leadership of dairy farmers (Pat Rowley, 30 years, Reg Smith, 20 years and Winston Watts 20 years plus as "leaders") has succumbed to the propaganda of the manufacturers and processors and at the same time stand to benefit substantially as they retire and leave the industry, (compensation package, superannuation etc.) at the expense of those young farmers who want to try and to stay in an Industry, but will be weighed down by the 11c levy to finance the payouts to those retiring and to finance the transfer of the compensation package to Victoria.

Some of the dairy farmers who have briefed members on the crossbenches have indicated that they will leave the industry, but I am concerned about the younger farmers who want to stay in the industry, who feel that they have their backs against the wall. I understand that the financial arrangements for the restructuring package will not begin to operate until five months after 1 July. I understand also, however, that banks are agreeing to make advance payments on the basis of the package because it is almost as good as having the money in the bank. Hopefully they will provide that type of assistance, but they are normally not very helpful in these situations. The attachment goes on to state:

> The levy to finance the package effectively prevents any price rise to farmers for eight years.
>
> It is common knowledge that more than 600 farmers that will leave the industry in NSW ...
>
> For some of them the "package" will not be sufficient to abolish debt.
>
> Individuals and families will be put under enormous pressure as the reality of financial disaster bites. The "industry" has taken no account of the social costs - depression, family breakdown, unemployment, bankruptcy etc. - not to mention the cost to the Govt. in Social Security handouts.

The Federal Government should consider the additional costs of social security payments. Its reluctance to provide some extra money as part of an assistance package does not make much sense when an equivalent amount will be spent to provide those 600 farmers with social security payments. It may be better for the Federal Government to assist those people to remain in business on their farms rather than have them become a part of the social security payments system. The attachment states further:

> It is published Federal Policy that Australia be the "Supermarket to Asia". Why destroy an industry before that opportunity fully emerges.
>
> The solution of the bigger dairies is not viable. Dairy farming is not a broadacre large-scale industry. Environmental (water availability and effluent control) and animal welfare considerations will determine the limit of "factory" dairy farms.

That is a matter for this Government to consider. The attachment also states:

> Here in Bega a modern cut, pack and processing plant has just been completed. This plant was funded by a NSW State Government guaranteed loan in excess of $20 million of which repayments have not yet been started. This plant only functions profitably with year round large volumes of milk being processed. The Bega Valley cannot afford to lose farmers or production.

If the farmers go out of business, who will supply milk for the new plant for which the Government has just provided finance?

The Hon. R. S. L. Jones: The Victorians will.

Reverend the Hon. F. J. NILE: They will probably take over the plant. They might also move the border and take part of New South Wales into Victoria as well before they are finished. It is a very sad and sorry time for New South Wales dairy farmers. I received letters also from the New South Wales Dairy Farmers Association dated 5 May and 14 June, as well as a press release dated 8 June urging honourable members to support the bill. The organisation expresses the hope that there may be some scope for negotiation in due course. The letter dated 14 June states:

> While the Association completely understands the motivations of the National Party, which is sponsoring this amendment, we strongly believe that the passing of the Bill must have absolute precedence and must not be compromised. The matter of any additional State Government assistance should be and is important enough to be the subject of a separate debate.
>
> It is our understanding the Government has made it clear they will not accept an amendment and if forced to do so will withdraw the Bill. This is a risk the industry cannot accept. **The DFA must appeal to you to pass the Government's Bill without amendment.**

Once again, members on the crossbenches are in a no-win situation. We are always the ham in the sandwich. We want to do the right thing and we try to do the right thing, but then we endanger the whole process.

The Hon. R. S. L. Jones: It is blackmail.

Reverend the Hon. F. J. NILE: It is certainly emotional blackmail, and that is a form of blackmail. I have also received letters from Adrian Snowden, a dairy farmer at Tamworth, expressing similar concerns, and from Jim Scott, who is a former researcher in dairy technology and has been a professional educator of pasture agronomists at the University of New England for the past 11 years. He expresses a very lengthy opinion on his concerns about dairy farmers. A. F. Garratty, from Bolong, is also very concerned about the impact of this legislation. Her letter dated 17 June states:

> I am writing to you as a concerned wife of a very hardworking dairy farmer. I am also the mother of two teenage daughters who have always had a passion for our farm. They are also hardworking and have achieved great results with their cattle at various shows ... my husband and I participated in the march at Parliament House in Sydney in a desperate plea to the NSW Government to provide compensation for our Quota. It all became apparent that the industry is now in crisis. Deregulation of the farm gate price of milk is Not beneficial to the dairy farmer or the consumer. Farmers are very private people, extremely hardworking and definitely not known to be publicly on display. These farmers have developed the industry over many generations and established themselves as businessmen and businesswomen. A vast majority of Australians would be able to trace their heritage back to the rural sector. The rural industry is the backbone of Australia.

That is a point that I made earlier during my speech. The letter goes on to state that the Australian Dairy Industry is the fifth largest rural industry in New South Wales. The letter concludes:

> We don't want handouts or welfare, we just simply want to operate our businesses as viable and profitable propositions to enable us to educate our children, employ labour, contribute to the community and pay our taxes. Farming is our passion, we already put in very long hours and face many hardships and disappointments such as loss of stock , the uncertain weather conditions and poor pasture growth. Dairy products are essential for the health of every individual, in particular our very young and our ageing population. It is a good product and now it is cheaper than water.
>
> I sincerely hope that you get help and persuade the Federal Government to make some major adjustments. Thank-you for taking the time to read my letter and I would be happy to talk with you.

I have another communication, from Mr Ross Muir on behalf of the Manning Valley Dairy Task Force. I also have a letter dated 8 June from Mr Ian Langdon, Chairman of Dairy Farmers, criticising the proposal of a floor price for milk in New South Wales. Mr Langdon says:

> ... it is highly unlikely that it would be possible to instigate such a thing, and raising such a "hypothetical" situation may well serve to give false hope to farmers who need to carefully assess their capacity to survive in a deregulated market.

On 8 June the Hon. Warren Truss, Minister for Agriculture, Fisheries and Forestry, issued a media release titled "Labor 's cruel hoax on dairy farmers", which stated in part:

> The NSW Government and Country Labor's *5-minutes-to-midnight* suggestions of a national floor price scheme for milk are a cruel hoax on dairy farmers who are facing real difficulties following the States' decision to deregulate dairying.

Maybe one extreme is the concept of a floor price, with the National Party's proposal for compensation being at the other end of the equation. Of course, the people who suffer are the dairy farmers. I urge the Government to follow up my proposal of a dollar-for-dollar package from the State and Federal governments, working in harmony to provide assistance to the dairy industry, in addition to the package that has been funded by a levy and not by grants of the Federal Government, or the State Government for that matter. We support the bill with those reservations.

The Hon. D. E. OLDFIELD [5.40 p.m.]: Dairy farmers, hard-working Australians, are about to suffer huge losses due to the callous and unrepresentative actions of the economic rationalist Federal Government. This Coalition, inspired by the actions of its Labor predecessors, is a government that takes no notice of, and has no concern for, the suffering of Australians. Its agenda, as always, is that which benefits foreign interests. This country is being put through tremendous pain by politicians more intent on playing the world stage than looking after the interests of Australians. One Nation's longstanding policy has been to totally oppose deregulation of the dairy industry—we are the only ones with that platform. The others just pay lip service to a less and less convinced rural sector. Just as I have asked questions in this House, my colleague Pauline Hanson's One Nation Senator, Len Harris, has shown his support for dairy farmers, and has vehemently opposed dairy deregulation.

In recent times the Federal Coalition of Liberal plus Labor plus National has wrecked just about every rural industry it could get its grubby hands on. Just look at its miserable track record. Our sugar industry has suffered due to deregulation, yet no-one is paying any less for a Mars bar or soft drink. This Federal Government damaged our pork industry with cheap pork imports from Canada and Denmark, and those industries further profited due to the inadequate labelling laws that enabled the displaying of those imports as Australian–made products.

Further, this Federal Government devastated our citrus industry with subsidised oranges from California, causing Australian farmers to root out good, productive trees. It has allowed concentrate from Brazil to destroy juicing orange producers—millions of trees burned and ploughed into the ground, and still more problems with labelling laws. This Federal Government has jeopardised Australia's disease-free status by allowing imports of salmon from Canada and chicken from Thailand. This Federal Government's devastating policies have damaged our fresh fruit and vegetable industries through the import of a disgusting $764 million of overseas fruit and vegetables in 1999 alone. The question throughout rural Australia is simply, "Who 's next?"

Out of allegiance to the World Trade Organisation and its predecessor general agreement on tariffs and trade [GATT], our treacherous leaders and their bureaucrats have worshipped at the alter of free trade and world parity pricing—Australian industries, jobs and families have played the price of their homage, while multinationals pillage this country of its profits and flee without paying a cent in tax. They have been only too willing to sacrifice Australia's farmers and workers in support of their free trade ideology. We need leaders prepared to be leaders, to stand up for the interest of Australians and not bow down to the machinations of the international merchants and their profit-before-people approach to raping our country.

Our treacherous Federal members of Parliament, in cahoots with some farming leaders, have been saying for 10 years that deregulation of the dairy industry is inevitable, and that it is being forced on us by market forces. Who is it that rules this country—the financial and commercial markets dictated by foreigners, or the elected leaders who are supposed to represent the needs of ordinary Australians?

What will abandoning the Dairy Market Support Scheme, coupled with the federally bullied and forced dairy deregulation, achieve? The price to consumers will go up by between 11¢ and 20¢ per litre. The retail milk price already has risen from about $1.16 per litre to $1.38 per litre today, due to partial deregulation over the past two years. The price that farmers receive for their milk at the farm gate will go down from about 52¢ per litre to various estimates between 28¢ and 37¢ per litre. Over one-third of dairy farmers will go out of business, leaving many of them lost and emotionally scarred, after years of hard work and with nothing to show for their commitment and diligence.

Supermarkets will increase their profits. Soon we will see Woolworths and Coles home-brand milk, and those multinational profits will disappear overseas, once again without a cent having been paid in tax in this country. The processors and manufacturers will increase their profits at the cost of family farms. Who in the end will own the farms that are left? Many country towns depending on dairy farmers will face even further pressure. Many will not effectively survive. What will become of those rural Australians? To remain in the industry, dairy farmers will have to get bigger. Many will be forced to increase their borrowing from banks, which will then continue to squeeze the lifeblood out of them.

The banks have a terrible record in rural Australia. Farmers in wheat, sheep, cattle, et cetera over the past 20 years followed the "get big or get out" advice. In the end, many just got further into debt, and they lost farms that had been in their families for over 100 years. Already, many farmers have laid off employees, and family members have been forced to work hard in a way most city people would not understand—all in an effort just to hold on, not move ahead.

Who is to blame for this mess? Where did it begin? The problems began when John Kerin and Simon Crean were Ministers in the Hawke-Keating Federal governments. Mr Crean followed the advice of callous

Canberra bureaucrats and committed the dairy industry to deregulation by putting a sunset clause in the Dairy Market Support Scheme so that it finished on 30 June 2000. When the Coalition came to power in Canberra in March 1996, did it reverse this deadly pursuit of the free trade, so-called level playing field agenda? No! We can only hope that those responsible rot for their treachery!

The expressed intention of the Kerin plan was to make the dairy industry more export oriented. It was legislated to last only six years, from 1986 to 1992. Under the current plan, "within a few years co-operative company amalgamations and proprietary company takeovers saw significant reductions in the number of dairy companies in Australia". The Keating Labor Government decided to continue the policy of gradually reducing assistance, and it demanded deregulation of the fluid milk sector by 1999. The Crean plan began in July 1992 under the Dairy Produce (Amendment) Act 1992 and the Dairy Produce Levy (Amendment) Act 1992, which phased down market support payments for exports of dairy products from 22 per cent of defined average world export prices in 1992-93, to 10 per cent in 1999-2000.

The Dairy Produce (World Trade Organisation Amendments) Act 1994 provided for the termination of market support payments because the Federal Keating Labor Government considered it necessary if Australia was to ratify the final act embodying the results of the Uruguay round of GATT multilateral trade negotiations which included four main elements of agricultural reform. On 28 September 1999 the Howard Government announced it was considering phasing out the Dairy Market Support Scheme, and it wanted a structural adjustment package subject to all States and Territories agreeing to deregulate.

I support the first three-quarters of the motion of this State Labor Government as passed in the Legislative Assembly on 31 May. I call on the Federal Government to legislate for a national floor price for milk to enable dairy farmers to remain viable and to ensure not only the survival of many country towns but also the opportunity for prosperity. Without fair support and an acknowledgment of this industry's right to exist, it, like so many other industries, will virtually cease to exist or fall into foreign hands. Neither result will serve the interests of this nation's people. We must not continue to volunteer as sacrifices for free trade. The rest of the world laughs as our leaders sign the death warrants for our own home-grown and successful industries.

The free trade treachery has been carried on by Federal and State governments on both sides of politics, with such a betrayal made possible by farming organisation leaders accepting free trade ideology as inevitable and hence failing to mount suitable opposition. It is galling now to see Labor blaming members of the National Party and the State Government blaming the Federal Government when members of the Liberal, Labor and National parties have all had a hand in the imminent destruction of the dairy industry. The dairy industry has just been the next industry on the list of those that have already been assaulted. The whole rural sector is now sitting and waiting, wondering when it will be its turn.

It is incumbent on all those who call themselves representatives to say enough is enough. Australian rural industries must no longer be defiled by the actions of our governments. Stop talking and start making a difference. The eyes of rural Australia are upon all governments and those eyes are finally starting to see the whole picture. The Olympics will come and go. However, Australian industry and our way of life must not be viewed in the same way.

The Hon. HELEN SHAM-HO [5.52 p.m.]: I will contribute only briefly in debate on the Dairy Industry Bill. I do not have speech notes but, as so many honourable members have dissected and canvassed the issues that I wish to raise, I would be repeating what other people have said. I am certainly no expert in this field but I have agonised over this issue. In the 12 years that I have been a member of Parliament I have not had any difficulty in determining whether or not to support many bills. The Hon. A. B. Kelly, one of the first Government speakers in debate on this bill, said that he reluctantly supported it. In my mind that was very telling. It is difficult to decide whether or not to support this bill.

The contributions of the Deputy Leader of the Opposition and the Hon. I. Cohen, which were very passionate, cannot be ignored. For the past 20 hours I have been agonising about this bill but I have finally come to a decision. I have consulted the Minister, his advisers and Reg Smith, President of the Dairy Farmers Association, who has a vested interest in this matter. After reading through his presidential address to the 2000 annual conference I have to say that, on balance, I reluctantly support the bill. I will not go through those issues that have already been canvassed.

The Opposition will move an amendment in Committee. At this time I am still struggling with that amendment. I asked Mr Smith why he would not support the Opposition's amendment. He said that I did not

have to support the amendment but that I should support the bill. I gather from Mr Smith's address on 30 May at the Wentworth Hotel conference that the Dairy Farmers Association made a commitment to the Government not to ask for any more quota compensation. That association is honouring its commitment.

The Hon. D. J. Gay: He is an honourable man.

The Hon. HELEN SHAM-HO: Mr Smith is an honourable man. I briefly quote from Mr Smith's address:

> On the issue of pursuing the NSW Government for quota compensation, the Executive's position is very clear. You would all be aware that access to the package is conditional on all states repealing their market milk legislation.
>
> At the meetings we conducted to assess farmers' attitudes, 65% of farmers supported the proposition that we requested the NSW Government to repeal our legislation.
>
> The Executive is firmly of the view that having requested the Government to deregulate, it is entirely inappropriate for the DFA to turn around and seek compensation for any possible loss that may be the result of that request.
>
> If the Government had moved to deregulate the Industry against our wishes, then our approach would have been different. However, it is the dairy farming community who has reached the conclusion that regulation has reached its "use by date" and, working with both the Federal and State Governments, has developed a strategy that we feel will ensure that the industry makes the smoothest possible transition to total deregulation.

I am sympathetic to that view. I know that the Dairy Farmers Association made a commitment to the Government not to ask for any more quota compensation but we, as parliamentarians, must ask the Government to pay this group of people compensation. I am very much on the side of smaller dairy farmers who will go bankrupt and who will suffer because of this deregulation. If the Government is able to allocate an additional $140 million for the Olympics, as alluded to earlier by the Hon D. E. Oldfield, why are we, as members of Parliament, not able to look after our dairy farmers and their families?

If I were asked to vote, I would vote in favour of giving dairy farmers that money rather than having it go towards the Olympics. After agonising about this issue—an issue which we have been debating all day—I agree with the sentiments expressed by the Hon. I. Cohen and the Hon. D. E. Oldfield. Dairy farmers do not want deregulation. We are the ones who want to deregulate the dairy industry. I support the bill.

The Hon. J. J. DELLA BOSCA (Special Minister of State, Assistant Treasurer, Minister Assisting the Premier on Public Sector Management, and Minister Assisting the Premier for the Central Coast) [5.57 p.m.], in reply: I thank all honourable members who contributed to a long debate on the Dairy Industry Bill. I recognise the social, economic and historical contribution of the dairy industry to New South Wales, to our lifestyle and to our economy. I thank those honourable members who took it upon themselves to think long and hard about this bill, its consequences and current events in the dairy industry.

I will make a few observations while replying to debate on this bill. Reverend the Hon. F. J. Nile requested the Minister to look at additional measures consistent with discussions between him and the Dairy Farmers Association [DFA]. I have been advised by the Minister that he is yet to receive a formal submission from the DFA. The Minister is willing to explore the provision of further assistance that does not simply amount to a cash top-up of the Federal program. Assistance consistent with the established mechanisms of the Department of Agriculture and the Rural Assistance Authority, such as interest-reduced loans, will be examined. The Minister has a track record of always considering seriously submissions by the DFA. I think the presence in this Chamber tonight of members of that association attests to that fact. I quote from the presidential address of Mr Reg Smith on 30 May:

> On the issue of pursuing the NSW Government for quota compensation, the Executive's position is very clear. You would be aware that access to the package is conditional on all states repealing their market milk legislation.
>
> At the meetings we conducted to assess farmers' attitude, 65% of farmers supported the proposition that we request the NSW Government to repeal our legislation.
>
> The Executive is firmly of the view that having requested the Government to deregulate, it is entirely inappropriate for the DFA to turn around and seek compensation for any possible loss that may be the result of that request.
>
> If the Government had moved to deregulate the Industry against our wishes, then our approach would have been different. However, it is the dairy farming community who has reached the conclusion that regulation has reached its "use by date" and, working with both the Federal and State Governments, has developed a strategy that we feel will ensure that the industry makes the smoothest possible transition to total deregulation.

I do not quote from that speech in some opportunistic way. That speech simply reflects a recognition of the reality that there are different strokes for different folks, or that different jurisdictions handle different aspects of a problem. If this industry restructuring package was brought about because of a decision or an outcome which was sponsored by the New South Wales Government, or if it was brought about because of some national event, it would have been inappropriate for New South Wales to contribute to it.

But the farmers themselves and their association recognise that this is a Federal responsibility, a national responsibility. It is the resolution of a problem as old as Federation itself: the sections of the Constitution that deal with free trade intercourse between the States. Notwithstanding the desire of Reverend the Hon. F. J. Nile to inhibit that free trading intercourse in various ways, it is not possible to do so. Facetious remarks, et cetera, aside, it is impossible to envisage that border posts should be set up for the milk industry—and if not for the milk industry, the sorghum industry, the rice industry, the beef industry or other industries—to go back to the pre-1901 situation.

Embracing the New South Wales First policy with regard to the retail distribution of milk by branding Victorian milk as inferior to New South Wales milk, a State-by-State grading of milk, or whatever the Safe Foods requisitions might be about branding various qualities of milk, it would be inappropriate to start branding milk in Australian supermarkets from one State or another. Honourable members should start to consider realistically whether it would make any material difference to consumer decisions whether they would buy a particular milk product.

Honourable members must face facts. The Federal Government has already passed legislation enabling the dairy industry to be deregulated at the State level and legislation that says a $1.7 billion adjustment package will be available when and if all States deregulate by 1 July. We are in a position where we can say, Canute-like, we will resist the inevitable tide that is already on the way. Deregulation will happen on 1 July with or without the package. The Parliament has a choice. If there is no package, obviously farmers will suffer even more greatly than has been envisaged by members.

The Victorian Government is also in the throes of passing legislation to deregulate the industry in Victoria. Victoria says it is keen to embrace deregulation but the key issue, as the Deputy Leader of the Opposition should know—and I think does know— is that this will happen whether the adjustment package is in place or not. He knows about the underlying economic differences between the Victorian dairy industry and the New South Wales industry. Some Victorian dairy farmers are not concerned about the adjustment package, but for New South Wales dairy farmers that adjustment package is critical.

Whether a dairy farmer has a large, medium or small property, because of the economic structure of the New South Wales industry, the adjustment package is critical to virtually all New South Wales dairy farmers. If this bill falls down, it will be on the head of the Opposition and perhaps some of the crossbenchers, and dairy farmers may miss out on their share of a critical restructuring package to accommodate deregulation.

The Hon. D. J. Gay: Are you threatening?

The Hon. J. J. DELLA BOSCA: I am not threatening anything. I am informing honourable members of the possible consequences of foolish politics on the part of the National Party. Deregulation clearly will not go away. It is here to stay. It is an inevitable consequence of economic change and policy decisions south of the Murray. It is alive and well in Victoria, and in two weeks it will be operating at full throttle in that State. We do not have a choice on this issue. We have to do what we can to cope with the inevitable, and that means at least securing the adjustment package for our New South Wales dairy farmers.

One of the few alternatives suggested by the New South Wales Opposition is a cheap handout to dairy farmers in the form of about $45,000 per farmer. Farmers do not want handouts; they want long-term action. The Carr Labor Government suggested a national floor price, a proposal that would be implemented by Warren Truss if he had the political will; a proposal that would provide longer term support for farmers trying hard to adjust to the new underlying economic realities. But Warren Truss does not have the political will. He has ruled out the national floor price proposal without giving it any real thought whatsoever. He is not committed to dairy farmers in this country. He will not admit that it is something tangible that he can do.

The Hon. D. J. Gay: There were only two that supported that floor price—Country Labor and One Nation. That is how flaky it is.

The Hon. J. J. DELLA BOSCA: I understand that the honourable member may be referring to—

[*Interruption*]

If I were the Hon. I. Cohen I would not interject after his contribution on the GST. New South Wales dairy farmers can access compensation if the legislation is passed by the Legislative Council. I say again, the choice is up to the National Party. Everyone else in this Chamber, it seems, will follow its lead. The Government will not; it will be acting in the interests of dairy farmers. If there is deregulation with the package, New South Wales dairy farmers will be protected; if there is deregulation without the package, they are placed in serious jeopardy.

Major problems would arise in milk pricing were we to go the way of using foodsafe-type measures. It is known that most New South Wales major milk producers have already entered into what are believed to be legally binding contracts for the supply of milk to major retailers post-1 July based on farm gate prices below the current regulated price. Further, under the terms of the Commonwealth Government's dairy industry structural adjustment package, New South Wales processors would be required to collect the 11¢ a litre levy from 8 July. This would mean either the consumer price would have to rise by 11¢ per litre or the farm gate price would need to be reduced by 11¢ a litre.

Accordingly, for both the above reasons, immense pressure would immediately be placed on the Government by processors to reduce the farm gate price by at least 11¢ per litre but more than likely they would be negotiating new contractual arrangements by an even greater amount. New South Wales farmers have indicated that they would not be prepared to fund the 11¢ a litre levy, particularly in the absence of any firm guarantee that the Federal Government scheme would ever apply.

Put simply, as I said before, the argument is whether we support this bill? Do we support the New South Wales dairy industry? For those who believe in a fair industry adjustment package for dairy farmers, who believe that the responsibility lies where it should lie, where it has lain ever since Federation, namely, that it is for the Federal Government to regulate aspects of the economy in relation to trade between the States, the only thing to do is to support the current package and support the bill.

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

The House divided.

Ayes, 23

Mr Bull	Mr M. I. Jones	Mr Ryan
Ms Burnswoods	Mr Kelly	Mrs Sham-Ho
Mr Gallacher	Mr Lynn	Mr Shaw
Miss Gardiner	Mr Macdonald	Mr Tingle
Mr Gay	Mr Manson	Mr Tsang
Mr Harwin	Mrs Nile	*Tellers,*
Mr Hatzistergos	Revd Nile	Mr Jobling
Mr Johnson	Dr Pezzutti	Mr Primrose

Noes, 7

Dr Chesterfield-Evans
Mr Cohen
Mr R. S. L. Jones
Mr Oldfield
Ms Rhiannon
Tellers,
Mr Breen
Dr Wong

Question resolved in the affirmative.

Motion agreed to.

Bill read second time.

CRIMES (FORENSIC PROCEDURES) BILL

Second Reading

Debate resumed from 20 June.

The Hon. M. J. GALLACHER (Leader of the Opposition) [6.14 p.m.]: The Crimes (Forensic Procedures) Bill relates to DNA testing and its use in the New South Wales judicial system. The bill can truly be described as the most significant change to forensic procedures in crime detection since the invention of the fingerprint classification system by Sir Edward Henry in 1897. Although I will not go into great detail about the nature of DNA, it is important to note that except for identical twins, no two people share the same DNA sequence, and sex remains the only determinant of an individual that DNA testing can presently identify to discriminate from other individuals. However, I am sure that other determinants are close to being commercially available. A recent revolutionary tool, DNA can be extracted from blood, semen, skin particles, hair follicles, saliva, fingerprints, clothing or any other object someone comes into contact with.

The history of DNA analysis began in November 1983 when 15-year-old schoolgirl Lynda Mann was raped and murdered in Leicester, England. The killer had not been caught when, three years later, another 15-year-old girl, Dawn Ashworth, was also sexually assaulted and murdered within one mile of where Lynda Mann's body was found. Police believed they were killed by the same murderer and stepped up their investigations, which resulted in a 17-year-old youth, Richard Buckland, being arrested in 1986 and confessing to the murder of Dawn Ashworth. Subsequent to his denial of any involvement in the murder of Lynda Mann, the police set out to prove that the same person had killed both girls and looked for ways to link Buckland to the Lynda Mann murder.

The head of the police investigation team had heard of the work of Professor Alec Jeffries at the local university. He was undertaking long-term research into diseases caused by mistakes in our DNA and had developed a sophisticated blood test for this purpose. Police asked Professor Jeffries whether he could help to link Buckland to both murders. His analysis surprised the police by clearing Buckland of both murders, while indicating that the same person had killed both girls. Why Buckland ever confessed has never been established. Professor Jeffries went on to tell police that if they could identify a suspect and could supply a blood sample from him or her, he was confident his new blood test would confirm his or her guilt.

Police then launched the first mass screening ever undertaken for DNA by taking blood from 600 men in three small villages that surrounded the murder sites. During the course of this exercise a local baker, Colin Pitchfork, persuaded a friend to stand in for him during the blood tests and altered his passport, which his friend used as identification. He told his friend that he did not want his wife to know that he was having an extramarital affair, and he was concerned that the DNA test would somehow reveal this. This deception was later discovered when the friend told a colleague at work, who then informed the police. Pitchfork was interviewed and a blood sample was taken from him. This was sent to Professor Jeffries and analysis showed that Pitchfork was the killer of both girls. Pitchfork was later sentenced to two counts of life imprisonment for both murders. DNA had caught its first criminal.

It is significant that as legislators we keep in mind that in its first use DNA analysis both freed a suspect and caught the real killer. It is extremely important that legislators understand the potential that this legislation offers both for defence cases and for criminal prosecutions. A few years ago I was involved in the investigation of a murder on the Central Coast. A young woman had left a nightclub after winning a karaoke competition and, because of the shortage of taxi cabs on the Central Coast, elected to walk home. It was in the early hours of the morning, the sun was just starting to break through. She had walked some distance when she was approached by a fellow who walked up behind her and asked her for sex. The young woman walked away from the offender, telling him to go away. The offender continued to pester the young woman on a particularly isolated part of the Entrance Road at Erina. Most people who drive through Gosford would be aware of the Punt Bridge, which they cross as they leave Gosford and head towards Erina.

The young male continued to annoy the young woman, and then picked up a large piece of timber and struck her on the head, fracturing her skull. She fell to the ground. He then dragged the young woman into nearby mangroves adjacent to the road and proceeded to strangle her until she was dead. Shortly afterwards he removed the deceased's clothing and sexually assaulted her. If the male's boots had not got caught in the mud, leaving evidence at the scene, that murder may well have become an unsolved murder on the Central Coast.

Fortunately for police there was sufficient evidence at the scene to identify the suspect. I emphasise that, fortunately, that was the case. If DNA testing had been available, it is possible that that murder would have been solved more quickly. So, too, would many other murders. I have been a strong advocate for the introduction of DNA testing. Indeed, I am proud to be participating in debate on this bill. I am told that to date 11 prisoners have been released from death row in America after DNA testing was used to prove their innocence. I reiterate the point that DNA has been used to support a defence case in terms of not only proving someone's guilt but proving someone's innocence. The introduction of legislation in the United Kingdom in April 1995 resulted in the establishment of a DNA database that now has some 500,000 files. All prisoners in gaols have been tested.

According to a paper presented to the Institute of the Sydney Forensic Society in May 1999, of the 54,000 DNA samples taken at crime scenes since April 1985, more than 34,000 hits on the database have been recorded. As honourable members know, most crimes are committed by repeat offenders. Since 1995 some 29 long-term unsolved murders in England have been cleared up. At present, only the Northern Territory and Victoria have DNA legislation. The Coalition's view has been expressed by the Leader of the Opposition, Mrs Kerry Chikarovski, in another place on a number of occasions. We support the introduction of DNA testing, subject to appropriate safeguards. The Standing Committee of Attorneys-General has developed, over several years, a model bill to be used by States in the introduction of DNA testing.

The Commonwealth is currently working on the development of CrimTrac, which is a database of criminal records, fingerprints and other information. Once the Federal legislation, which has been approved by the Federal Cabinet but not yet introduced into the Federal Parliament, is passed by the Parliament, DNA information supplied by other States will be added to CrimTrac. The figures from the United Kingdom speak for themselves: DNA testing has assisted to solve more than 212 murders, 868 sexual assaults, 479 serious robberies and 34 murders that were previously recorded as unsolved. The paper presented to the Sydney Forensic Society states that police now have 740,000 suspected samples with a hit rate of 92 per cent. In fact, some 400 crimes are solved each week using DNA testing.

DNA testing is undoubtedly the fingerprinting technology of the twenty-first century. New South Wales legislation allows DNA samples to be taken with reasonable force from persons charged with serious offences, but they are only taken on an ad hoc basis if police are certain they have a match. This bill will establish a systematic basis for taking DNA samples and classify people from whom samples can be taken. It will establish a regime under which DNA samples can be taken. It will set procedural safeguards to protect the rights of people, and it will ensure that they have a proper understanding of the process. It will also provide for a process of destroying or registering DNA samples.

My colleague the shadow Attorney General in another place outlined concerns expressed by the Law Society and the Bar Association about the bill in its present form. I do not intend to recanvass those concerns. However, I draw the attention of honourable members to a number of them. The view that the matter should be referred to the Legislative Council's Standing Committee on Law and Justice is supported by a number of significant groups, such as the Law Society, the Aboriginal Legal Service, Michael Strutt and Brett Collins from the Public Interest Advocacy Centre, Justice Action, which made a lengthy submission on the matter, and a wide range of similar organisations that are generally concerned that this type of legislation should be carefully assessed and subjected to widespread community consultation before it is passed and established as law.

At this juncture it is important that I clear up a concern that exists in some quarters about the position taken by the Opposition on a proposition that has yet to be put to this House by crossbench members concerning an investigation by the Standing Committee on Law and Justice. The Opposition will not stand in the way of this bill passing through this House this evening. It is extremely important that I place on record that we have made that commitment to honourable members on all sides in this debate who have spoken to us in the past couple of days. However, we recognise that before this legislation commences in January 2001, it is necessary to ensure that any problems or perceived problems are ironed out. It is extremely important that any problems be rectified during the interim. However, at no stage will the Opposition prevent the bill from being passed in its present form. We are supportive of the Government's intent with this bill.

This bill was introduced into the Parliament recently without an exposure draft first being made available. Instead, the Government presented the bill on a take it or leave it basis. That is unfortunate because it is important legislation. We all want to get it right, but we recognise that it is necessary to start the wheels in motion this evening. We are happy to support the bill's return to the lower House. However, we recognise that the Legislative Council has always maintained its role as the body that oversights legislation to ensure that governments get it right, and we will maintain that commitment of the Legislative Council to fulfil that ongoing role.

It is clear that certain sections of the Government caucus thought there should have been more debate and consultation about the bill, and those views have been overruled largely by the Premier and the Minister for Police. It is interesting to note that although the Commonwealth legislation effectively requires that there must be sufficient reason to arrest a person for an offence and that the request or order for DNA testing must have sufficient relevance to the offence to make it justified, it has provided insurance in terms of requiring that the officer or the court must be satisfied on the balance of probabilities that it is likely that the request will produce evidence tending to confirm or disprove that the suspect committed an offence. In this legislation the Government has changed the word "likely" to "might".

It is important to draw attention to that significant change; certainly, it will widen police powers. Under this bill a DNA sample can be taken if it "might" assist, rather than if it is "likely" to assist, in an investigation. The wording is significant, and this change will be an important factor in the effectiveness of the legislation. Clearly, that was the intention when this bill was drafted. The rationale for changing the wording is that the requirement of reasonableness is a sufficient threshold without having a police officer consider duplicating steps.

Part 7 of the bill deals with serious indictable offenders who are serving terms of imprisonment—in other words, anyone who has committed an offence that carries a maximum of five or more years imprisonment, and that means most of the prison population in New South Wales. The model bill requires that before consent is sought or orders are made for forensic procedures to be carried out on serious indictable offenders, the seriousness of the circumstances surrounding the offences committed by the offender must be considered, and the request or order must be justified.

The New South Wales legislation has no such provision. Any prisoner serving a sentence that carries a maximum of five years or more is liable to be tested. In effect, this means that virtually all prisoners will simply go on the DNA database regardless of circumstances. The Opposition supports the Government on that measure. Most reasonable people in the community would agree that persons serving a term of imprisonment have forfeited a certain degree of civil liberty and, by all statistical analysis, are far more likely to be repeat offenders than are non-offenders. As they have already shown disdain for the community by committing an offence serious enough to require their imprisonment, they should be liable to render some service to the community by making available their DNA.

Clause 93 deals with cross-matching of suspects. The effect of the provision is that every crime scene may be cross-matched on the database. It is possible that sample testing against any person whose DNA results are on the database include those who have not been convicted of an offence. The model bill and report did not make recommendations in these terms, although the bill provides otherwise.

Debate adjourned on motion by the Hon. M. J. Gallacher.

[*The Deputy-President (The Hon. A. B. Kelly) left the chair at 6.31 p.m. The House resumed at 8.15 p.m.*]

APPROPRIATION BILL

APPROPRIATION (PARLIAMENT) BILL

APPROPRIATION (SPECIAL OFFICES) BILL

APPROPRIATION (FURTHER BUDGET VARIATIONS) BILL

STATE REVENUE LEGISLATION AMENDMENT BILL

UNCLAIMED MONEY AMENDMENT BILL

Second Reading

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [8.15 p.m.]: I move:

That these bills be now read a second time.

As honourable members are aware, it is the practice of the House these days to begin what effectively is the budget debate on a motion to take note of the budget papers, with the motion for the second reading of the bills

being taken as a formality. I indicate that this year, in Committee, I will move an amendment to the Appropriation (Further Budget Variations) Bill for 1999-2000 to give effect to the announcement by the Government last Tuesday that it would appropriate an additional $140 million to the Sydney Organising Committee for the Olympic Games [SOCOG].

As I indicated in my public announcement earlier in the week, that amount will go into a contingency fund and will be accessed only after SOCOG's contingency committee has made an appropriate recommendation, and after approval has been given by both the Minister for the Olympics and by me as Treasurer. That additional appropriation will, of course, mean that the budget results for 1999-2000 will be somewhat lower than was estimated on 23 May, when the budget was handed down. I remind honourable members that on 23 May I reported that for this current year the Government expected a positive operating result of $2,594 million, a net lending result of $1,129 million, and a cash surplus of $314 million.

The effect of the additional appropriation that I will move in Committee will be that each of those budget results for 2000-01 will be $140 million lower. That is not to say that at the end of 30 June the various budget results will be exactly as I have just indicated. In fact, my expectation is that they will be somewhat higher. It has been the trend in recent years that the actual budget results have improved somewhat between delivery of the budget and the end of the financial year. So I still expect that we will surpass those estimated budget results that I have just indicated to the House.

The Hon. M. J. GALLACHER (Leader of the Opposition) [8.20 p.m.]: Today marks 30 days since the Government handed down its 2000-01 budget in this Chamber and in the other place. Thirty days most certainly is a long time in politics. This side of the House can attest to that. But what we saw yesterday went far beyond the normal cut and thrust of politics. On television last night we saw a member of this Chamber, defeated and dejected. I refer, of course, to the Treasurer, the Hon. Michael Egan, as he admitted that he had misled this House and Parliament about funding for the Olympic Games. One could not interpret what he said in any other way. Put simply, the Treasurer had been caught out. Let me remind the House of what the Treasurer said when he was in another place on 24 May. Members of this Chamber were not lucky enough to hear the Treasurer in person; conversely, it was one of those great days when members of this Chamber did not have to listen to the Treasurer—perhaps there should be more of them! The Treasurer said in the other place:

> Mr Speaker,
>
> When we won the Olympics and Paralympics back in 1993 the Fahey Government spoke for all Australians when it pledged that Sydney, New South Wales and Australia would host the best Games the world has ever seen.
>
> And in 1997, in the Carr Government's third Budget—

I emphasise this point—

> I pledged to the taxpayers of New South Wales that the Games would be completely paid for up-front, with not a single cent in debt for this or future generations to pay.
>
> Both pledges will be honoured to the full.
>
> With this budget all of the Olympic and Paralympic costs are covered—every single last cent. The Games are now paid for.
>
> Tomorrow the final payment will be made on the last of the permanent Olympic and Paralympic venues.

The Treasurer then said:

> Paying for the Olympics up-front was not easy—it was hard work.
>
> But now it is done, and as a result the permanent legacy for all Australians will be all benefit and no burden.

Yesterday this Treasurer sat front of television cameras and told reporters and the New South Wales public that, in essence, he had misled them 30 days earlier. He had not really meant to tell them that the Olympic Games were, as he put it, paid for. He had been mistaken—or should I say, had he been mistaken, was he misunderstood, or was he just plain wrong? Yesterday we heard the Treasurer and his Government say that they needed to raid the piggybank of New South Wales taxpayers to the tune of $140 million to pay for the Olympics. This Government has shown contempt for the Parliament and for the process of accountability to New South Wales taxpayers.

Despite the hollow protests of the Treasurer in question time today, he should now stand in this House, put his hand on his heart, assure us and the public that this is not the first shake of the piggybank, and tell us that there will be others. There must be no more surprises, no more, "Oops, I forgot about that one" and no more bites on the people of New South Wales. There must be no more. Not even members of the Sydney Organising Committee for the Olympic Games knew of the need for this shake of the piggybank. The Mr Fix-it of the Australian Labor Party Right, Graham Richardson, admitted on radio this morning that he did not know anything about the shortfall. If Mr Fix-it did not know about it, obviously one would have expected that we did not have any problem. Why did he not know about it?

During his speech the Treasurer confirmed and continued his tradition of calling this budget every inch a Labor budget. It is a Labor budget of half truths and selective statistics—every inch a Labor tradition. The Treasurer confirmed that it is a Labor budget of half truths and selective statistics by his admission yesterday that another $140 million was needed to pay for the Olympic Games. It was already a budget without a vision beyond the Olympics, beyond the Sydney corridor and beyond the next election, with the Treasurer boasting of lower tax rates. Yet the Government's budget papers contain a $1 billion over-budget tax haul, an unbudgeted extra $767 million in stamp duty and a 3 per cent reduction in capital expenditure. This budget is every inch a Labor tradition.

This reduction in capital expenditure compounded the loss of capital infrastructure that country areas suffered as a result of Olympic-related spending in Sydney. The NSW in New South Wales stands for Newcastle, Sydney and Wollongong. Once again New South Wales benefited more than the country areas of this State. Those non-Newcastle, Sydney and Wollongong areas were again hit last night with this additional $140 million robbery from local schools, roads, bridges, hospitals, police, nurses, teachers, trains and jobs, which that $140 million would most certainly have funded.

Only a reality challenged government would have rammed through the Appropriation Bill and cognate bills at 1.08 a.m. today without debating a significant amendment to the budget. Only a reality challenged government would fail to cut payroll tax to put us in the same ballpark as Victoria and Queensland, both of which have much lower payroll tax rates than this unfortunate State, under this Government. It is unfortunate to be under this Government at this time. Only a reality challenged government would fail to adequately fund a rail system which has experienced 25 major derailments in the past year, on-time running statistics the worst for years and—the most frightening statistic—violence on the train system increasing by 146 per cent in the past 12 months. Only a reality challenged government would fail to continue the Coalition's 3 x 3 road funding program, commit a miserly $115 million for the Rebuilding of Country Roads program, and drive out almost $6 million from the road black spot program.

But it is not all bad news for regional New South Wales. Next time people visit the electorate and neighbouring electorates of the Minister for Transport, and Minister for Roads in another place, they will see $790 million bus transitways. They can take a bus to the city, where they will see that $70 million has been spent on upgrading ferry terminals and bus interchanges. The Opposition has looked seriously at the Appropriation Bill and cognate bills. Last night we were certainly consistent in relation to our approach to this issue. We are concerned that what occurred last night is just a continuing trend by this Government—an attempt to try to prevent debate on this issue and to prevent public scrutiny of the way in which it is controlling this State's coffers.

Last night in the Legislative Assembly, the honourable member for Davidson was unsuccessful in moving an amendment to the Appropriation Bill and cognate bills, which would have resulted in a level of accountability that we have seen only in recent times with the changing focus towards general purpose standing committees. The changing focus on the way in which general purpose standing committees are being utilised in this State is to be encouraged. Last night the Government gagged debate on the Appropriation Bill and cognate bills, thus giving Opposition members no opportunity to question it in relation to its additional budgetary allocation of $140 million for the Olympic Games. At 1.08 a.m. it forgot about its watchdog—the Legislative Council.

The Government forgot about the Legislative Council. It thought it was in Queensland—that it could simply ram the bill through and it would be all right in the morning; that it would be happy days and cool drinks for the Government in respect of anything it wanted to do with legislation in this State. But of course it forgot about the Legislative Council, the House of review—the House that will continue its tradition of holding this Government to account.

The Hon. R. S. L. Jones: The Government wants to abolish it.

The Hon. M. J. GALLACHER: The Hon. R. S. L. Jones is quite right in saying this is the House that the Government wishes to abolish. The Government wants to be rid of the watchdog but, unfortunately for the Government, the watchdog is developing teeth. I expect that is the way we will use the general purpose standing committees over the next few years for successive governments. When the Coalition is returned to office in 2003 I look forward to working with members of this Chamber in furthering the development of the general purpose standing committees and their application in ensuring a level of accountability and openness that the people of New South Wales have never seen before.

Earlier today I had cause to peruse the motion moved by the honourable member for Davidson in the other place and the way in which the Government simply brought down the shutters. I was very concerned. It caused me to discuss with a number of our colleagues on the crossbench what options were available to us. I have since spoken to a number of people regarding this issue. I am very supportive of the proposition, and will indeed move, on behalf of the Opposition, that the whole question surrounding this contingency grant to SOCOG relating to $140 million be referred to General Purpose Standing Committee No. 1 for its close and open public examination of what has gone wrong in the budgeting involving SOCOG and the finances of SOCOG.

What I will specifically draw to its attention will be this $140 million contingency grant to SOCOG. I would ask that that Committee focus its attention on the period of time that I will insert in the amendment to ensure a thorough examination of that contingency grant. My initial proposition was to refer the entire Appropriation (Further Budget Variations) Bill to General Purpose Standing Committee No. 1. That would, in effect, have locked in the budget and the Appropriation Bill could not have proceeded. The original amendment that I proposed would have locked in a period of at least seven days before the Committee is to report back. I spoke to the Chairman of General Purpose Standing Committee No. 1 and said I hoped to get this inquiry completed by Friday. I have since been informed that there are a number of difficulties with availability of the necessary witnesses tomorrow, and, of course, we are not sitting next week.

The Hon. M. R. Egan: We may be sitting, but the International Olympic Committee will be in town next week and it will be difficult to arrange for witnesses to attend the inquiry.

The Hon. M. J. GALLACHER: I thank the Treasurer for that information. It was my understanding that the House might not sit next week. It would raise a number of other difficulties if the Appropriation Bill were to be held up for up to 30 days without the Parliament being in a position to pass it. Therefore, there will be a slight change in the Opposition's approach. The inquiry must go ahead. There should be no confusion whatsoever in the Government's mind but that the Opposition wants to ensure that the $140 million as set out in the Appropriation (Further Budget Variations) Act 2000 is open to public scrutiny.

The Hon. M. R. Egan: We can give you that guarantee.

The Hon. M. J. GALLACHER: I acknowledge that guarantee from the Treasurer. However, at the same time I am concerned about, firstly, the difficulties in trying to organise and finalise a committee hearing. Two days may not be sufficient to complete a full and thorough investigation, depending on the information that comes forward as a result of the inquiry. Secondly, I am concerned that if the committee is required to sit beyond next week there could be difficulties with this Chamber holding up the Appropriation Bill. The last thing I want to do is prevent the Government from meeting legitimate costs that need to be meet. Details of those costs will become known in an appropriate inquiry.

I can assure the Government now that all honourable members will want to spell out each legitimate line item for that $140 million to ensure a level of accountability for this budget—a level that this Government has never seen before—but it is extremely important that the budget, for legitimate reasons, is not held up. Therefore I give notice that on the next sitting day I shall move:

1. That General Purpose Standing Committee No. 1 inquire into and report on:

   (a) the contingency grant to SOCOG of $140 million in the Appropriation (Further Budget Variations) Act 2000; and

   (b) the deterioration of the finances of SOCOG and the reasons for that deterioration.

2. That the Committee report on or before the first time sitting day in August 2000.

The Treasurer should be sure that the Opposition will closely scrutinise this Appropriation (Further Budget Variations) Act and will undertake a microscopic examination of the entire finances of SOCOG.

The Hon. M. R. Egan: I indicate by way of interjection in response to the Leader of the Opposition that the Government will support tomorrow the motion that he has foreshadowed.

Reverend the Hon. F. J. NILE [8.37 p.m.]: The Christian Democratic Party is pleased to support the Appropriation (Further Budget Variations) Bill, which provides a sum of $140 million to meet some known expenditure and some possible future expenditure. The Treasurer is hopeful that the entire amount may not be needed. As Chairman of General Purpose Standing Committee No. 1, I understand that the committee cannot conduct a hearing next week because the Olympics witnesses will not be available, but I will check the availability of committee members for the following week.

The Hon. M. R. Egan: It would not have to be done in that time frame. The motion that the Leader of the Opposition has foreshadowed is for a report back to the Parliament in August.

Reverend the Hon. F. J. NILE: He indicated 21 days to me.

The Hon. M. R. Egan: The Committee could examine the matter thoroughly at its leisure.

Reverend the Hon. F. J. NILE: I am happy to co-operate with both the Government and the Opposition to ensure that the public has all the information it requires on this issue.

The Hon. M. R. EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [8.39 p.m.], in reply: As I indicated by way of interjection, when the Leader of the Opposition moves his foreshadowed motion, the Government will support it. The Government believes that the Appropriation Bill—whether for the forthcoming year or a variation to the Appropriation Bill for this year—can be scrutinised by the estimates committee. It is important that the bill be dealt with before the end of the financial year. It will not be possible for the estimates committee to thoroughly investigate the matter in the time we have available, so I think it is appropriate that the bill be passed and that the estimates committee, at its leisure, investigate the issue as thoroughly as it wishes when all the personnel it needs to speak to are available.

Motion agreed to.

Bills read a second time and passed through remaining stages.

MEDICAL PRACTICE AMENDMENT BILL

Bill received and read a first time.

Motion by the Hon. M. R. Egan agreed to:

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

CRIMES (FORENSIC PROCEDURES) BILL

Second Reading

Debate resumed from an earlier hour.

The Hon. M. J. GALLACHER (Leader of the Opposition) [8.43 p.m.]: This bill is very significant legislation. Some of the matters that were being discussed prior to the dinner adjournment have prompted me to think further about the potential of this bill, and it is really a very exciting piece of legislation for law enforcement, which, if it is handled properly, could achieve some quite fantastic results for the people of New South Wales.

The statistical basis for DNA is compelling. However, the margin for error in the sample process needs to be acknowledged, albeit that it is an extremely remote possibility. And, in any event, that is not of itself an argument against this tool being available to police. Honourable members should bear in mind that in the United Kingdom 86 per cent of all sex offenders—the very offenders who would be tested under this scheme—had

committed a prior offence. Wee Waa recently was the site of a real-life experiment in mass voluntary testing of a community following the horrific sexual assault of an elderly person there.

I take the opportunity to commend the honourable member for Barwon in another place for his longstanding support for this testing. I remember having a discussion with him at a community meeting of the Coalition in the western suburbs. We got into quite a discussion on the subject and I was very impressed at his depth of knowledge. I understand that the honourable member for Barwon does not have a law background, but he had a real depth of knowledge about DNA testing. More importantly, he was prepared to look at ways in which the perceived difficulties with regard to the introduction of DNA testing could be rectified to satisfy all concerns, especially those from his electorate of Barwon, which has its centre in the significant country town of Moree.

He referred to concerns raised by some who felt that DNA testing represented some difficulties and he was prepared to work with the local people to allay their fears. It is extremely important that all honourable members commit to do that following the passage of this legislation. People should not be concerned that they will be accused of offences or that technology will put them at the scene of a crime. The community and the Parliament need to be assured that no such thing can occur. We must ensure that the community understands and supports the process.

People in New South Wales overwhelmingly support DNA testing. That can be sheeted back to the work of the honourable member for Barwon and the entire community of Wee Waa in raising the level of public consciousness so that most adults in the State now know what DNA testing represents. They may not all necessarily agree with it but they all recognise its potential. I would say that well over 90 per cent of the community would be supportive of such a measure. It comes down to the people of Wee Waa having led the way to break down the barriers in country New South Wales. The people in that town are cognisant of the new technology, which has only been available to us for a short time, and how it helped identify the perpetrator of a quite horrific crime on an elderly member of their community.

I am cognisant of the relationship that exists between the people of Wee Waa and their local police service. My understanding is that what has occurred out there has brought the people and the police much closer together. They are now working together not only on this issue but on a number of community issues. A word that is used too often in debate is "empowerment". In this case the community was empowered with the tools and processes to fix a problem, and the results speak for themselves.

The Coalition believes that any person who has committed an offence that would justify arrest by police should certainly be subject to the fingerprinting process and DNA testing. The Leader of the Opposition in the other place advocates that view, and I do as well. If we do not keep pace with technology that is capable of identifying criminal activity, we are simply putting our heads in the sand. It is open to argument, but people who come under notice for lesser crimes could find that DNA testing stops them from going on to commit further criminal offences. They may realise that it is not simply a matter of wearing gloves and avoiding apprehension.

I have investigated many crimes and it is fairly common knowledge that criminals should wear gloves. However, most offenders do not carry gloves; before they enter the scene of their intended crime they simply put their socks over their hands, as if they were wearing gloves. Of course, DNA testing is another barrier for those who want to commit crimes and atrocities, such as that committed in Wee Waa, on the unsuspecting people of this fantastic state of New South Wales. Clearly, those who commit trivial offences—traffic offences, offences under corporate law or other aspects of law dealt with by summons—should not be subject to DNA testing. However, those who commit offences under criminal law that carry the sanction of imprisonment and are subject to arrest must be fingerprinted and should be subject to DNA testing.

The various processes laid down as community safeguards have been initiated by the Government. However, the Coalition does not necessarily find all of them satisfactory. We note that they will be subject to review by the Ombudsman after they have been in operation for 18 months. It is important that the Ombudsman take a proactive role in monitoring the procedures, the police use of those procedures and the general handling of complaints, and assessing and balancing the general effectiveness of these measures in terms of their intrusiveness on civil liberties. The Coalition would welcome a thorough review by the Ombudsman to ensure that the system is effective, and it expects the Government to ensure that the Ombudsman is properly resourced to carry out the review. It is important that members of the Committee on the Office of the Ombudsman and the Police Integrity Commission maintain a vigilant approach to ensure that the Ombudsman is fulfilling his review role in the time available prior to the expiration of the 18 months period.

The Federal Minister for Justice and Customs, the Hon. Amanda Vanstone, has indicated her support for DNA procedures. Of course, the Commonwealth has shown its strong support for these procedures not only in legislation but also through the establishment and financing of CrimTrac as the basis for comparisons of samples. Accordingly, the Coalition will not oppose or seek to amend the bill. We will ensure that implementation of these provisions is not in any way hampered. We do not believe that the best interests of the people of New South Wales would be served if this bill were delayed. However, we recognise that it is necessary to ensure that the passage of this bill does not result in the Parliament abrogating its responsibilities to the Ombudsman. We hope that when we receive the final report, in 18 months or two years, the bill will receive a satisfactory report.

We recognise the concerns expressed by crossbench members with respect to the role of the Standing Committee on Law and Justice. The Opposition has been supportive of the committee process in recent days during discussions with crossbench members. Like all members of this House, they know that we will not use the law and justice committee reference as a vehicle to stymie the passage of this bill. We move forward in debate knowing that the law and justice committee will conduct a thorough review of the implementation of the legislation in the ensuing weeks or, indeed, months. We look forward to the committee's report, and we hope it gives the legislation a clean bill of health.

The Hon. Dr A. CHESTERFIELD-EVANS [8.54 p.m.]: This is important legislation that is being rushed through the Parliament with indecent haste and without proper and thorough consultation. The Law Society in particular is concerned and would have preferred a draft bill to have been circulated. The Law Society argues, and we agree, that the bill differs so substantially from the Commonwealth (Model Criminal Code Officers Committee) Model Forensic Procedures Bill that the whole issue should be referred to a committee for public inquiry. The Ethnic Communities Council also supports referral to a committee.

That would be an appropriate course of action, given that crossbench members, including the Australian Democrats, will be moving about 80 amendments in Committee. Our amendments would bring the bill into line with the provisions of the model bill. A public inquiry could properly allow all interested parties time to examine the implications and intricacies of this complex and important issue. Concerns have been expressed by civil liberties groups, including Justice Action. They say that no civil liberties groups were consulted prior to the drafting of this bill. Indeed, the New South Wales Privacy Commissioner, Chris Puplick, in an article in the *Sydney Morning Herald* of 13 April this year, expressed his displeasure at not being consulted. He said:

> I find it alarming that during the debate the NSW Government has not sought any comments or advice from Privacy NSW, the body established by Parliament to protect the privacy rights of its citizens. This contempt for privacy considerations by the Government and the NSW Police Service should set alarm bells ringing. What have they got to hide? Perhaps it is the fact that the NSW Police Commissioner is pressuring the State Government to introduce a DNA database which had both inadequate privacy safeguards and which deliberately subverts privacy protections which have been developed by the Standing Committee of Attorneys General (SCAG).

Once again the police commissioner seems to be fuelling the law and order debate and is somehow able to exert enormous pressure on the police Minister to shape Government policy. The police commissioner says jump and the Minister asks how high. How many bills have we seen pass through this House recently that crank up police powers? I have lost count, even in the short time I have been in this Chamber. DNA testing of suspects appears to offer a great deal to law enforcement officers in the solving of crimes. The police Minister hailed DNA in another place as the "fingerprint of the twenty-first century". He has become a bit like Toad of Toad Hall when he first spied the motor car—poop, poop.

The debate was put into better perspective by the Attorney, who said in his second reading speech that this bill and the DNA procedure are not a cure-all. Linking a sample of a person's DNA to a sample found at a crime scene does not necessarily prove guilt; nor does it necessarily prove that the person was present at the crime scene. The Attorney also said that DNA testing produces a statistical probability. Care must be taken not only in handling and analysing samples but also in presenting statistical evidence to a jury. He cited *R v Dohney* and *R v Adams* in the United Kingdom Court of Appeal, where it was held that it was wrong to confuse the match probability, say one in one million, with the likelihood ratio that the odds of a person other than the defendant leaving the crime scene is one in one million.

The Attorney also pointed out that DNA evidence will be part of a wide range of forensic and other evidence which will be produced at trial. The jury will decide what weight to attach to the DNA evidence, as it does with all evidence put forward. The implied claims that DNA procedures will solve all crimes committed in New South Wales are fanciful and unsubstantiated. It is an attempt to obscure and colour any rational debate about safeguards that need to be in place so that our civil liberties are not so curtailed that we find ourselves living in a totalitarian State.

There are a great many concerns associated with this bill. In regard to the period within which the procedure has to be completed, the bill seeks to add extra time for a suspect under arrest at the end of an investigation period in order to perform the DNA procedure. Since the procedure is quite simple, there seems to be no justification for this extension. Similarly, if the procedure is by consent or by order of a magistrate, there is a provision for it to take two hours, disregarding time-outs. This means that a person not under arrest could spend an almost unlimited amount of time at a police station before a sample is taken. In Committee I will propose that there be a real time limit of four hours within which the procedure must be performed.

Consent is of particular concern. Before 1995, under the common law persons were protected from the taking of bodily samples without consent. This was changed following amendments to section 353A of the Crimes Act, which allowed the taking of samples from those in lawful custody for a serious indictable offence. This bill will greatly enhance the powers of police to take samples with and without consent. It will be a familiar scenario of people "helping police with their inquiries". Pressure will be applied to people to consent, such as, "Listen mate, it takes no time and we can get you out of here." There is no provision in the bill to inform people that they do not have to say yes and that it is not an offence to say no. If a person consents of his or own free will, that is fine. However, as the bill stands, there is too much scope for police to exert undue pressure on a person. Police should also be required to inform the person of what happens to the sample after it is taken.

Part 1D of the Commonwealth Crimes Act requires that a number of matters be considered before consent is sought from the person or from a magistrate. This bill does not contain such a requirement. Matters to be considered should include the police and the court having to be satisfied that the procedure is justified and is not in essence a fishing expedition or only marginally related to an offence. I will move amendments to this effect in Committee. Terry O'Gorman from the Council of Civil Liberties has raised the question of the security of the samples, as have many others. Terry O'Gorman said:

> There is the possibility of DNA samples being corrupted—either deliberately or inadvertently—so we need to know what sort of safeguards are going to be in place to ensure there are no wrongful convictions.

The testing procedures are also not foolproof. Anyone who has been involved with scientific testing will be familiar with false positives and statistical errors. The profiling must go through a number of steps, and there is the possibility of errors in all the steps. There are conflicting guesses as to the chances of two DNA profiles being alike. CrimTrac suggests one in a billion. The Attorney put it at possibly one in a million. Other estimates put it at one in 40. This is a concern. It is a lottery one would not want to win. It seems that it is dependent on how particular and comprehensive the profiling is. It would be in the interests of police for the profiling to be as non-particular as possible to increase the chances of a match. There is also a question as to whether police officers are suitably trained to carry out such forensic procedures. Police officers generally do not have any training in sterile procedures. It would be a total waste of time and money if samples were not collected correctly.

The bill provides for the testing of any serious indictable offender who is currently serving a prison sentence. The New South Wales Bar Association says this would mean that almost every man, woman and child in detention would be tested. The amendments I will move in Committee will ensure that such mass testing will not take place. The potential for harassment and intimidation will be reduced. The amendments will mean that procedures will only be carried out by consent or by court order. Also, the procedure will not be ordered unless it is warranted in circumstances that are relevant to both the offender and the offence of which he or she was convicted. People suspected of summary offences will also be subject to testing under this bill. This cannot be justified on any basis, as the offences are less serious and it is an unreasonable invasion of civil liberties. It would also mean an even larger cost blow-out than will be experienced.

If the taking and testing of samples is embraced as enthusiastically by the Police Service as the concept has been embraced by the Minister, we will have tens of thousands of samples to be tested. I wonder whether the Treasurer is aware of the potential cost blow-out that this bill will entail. He has just this week been asked to prise open the public purse to fund the Olympics to the tune of $140 million, and a bill has been introduced for that purpose. Three weeks ago we were told in the budget that the Olympics had been fully paid for up front. Will the Treasurer be able to find a lazy $20 million or so kicking around somewhere to make the police Minister and his commissioner happy? The bill as it stands cannot be supported. It deviates so substantially from the model bill as to be almost unrecognisable. The police Minister presents this bill as the universal panacea for solving crime and a chance to put Australia at the forefront of modern investigative techniques. DNA testing is only another tool in the gathering of forensic evidence. It is necessary that there be safeguards to protect civil liberties and ensure the integrity of testing procedures and results. Our amendments will provide the safeguards and move this bill closer to the model bill. Without these amendments the bill cannot be supported.

The Hon. HELEN SHAM-HO [9.05 p.m.]: I support the Crimes (Forensic Procedures) Bill, which seeks to introduce a regime for carrying out forensic procedures on suspects, serious indictable offenders and volunteers. The bill also provides for the storage, use and destruction of material derived from forensic procedures and for a national DNA database containing information derived from forensic material. For some time now there has been an obvious need for better criminal intelligence and closer co-ordination of investigators throughout the nation. This is the rationale behind the Federal Government's CrimTrac initiative, and DNA testing would obviously play an important role in that system. The need for legislation on this issue has also been highlighted as a result of the 1998 bashing and rape of a 90-year-old woman in Wee Waa, subsequent to which more than 500 male residents of the town were asked to undergo DNA testing. The Leader of the Opposition referred to that matter extensively in his contribution, so I will not refer to it further.

I support the use of DNA sampling as a criminal investigative tool because, if used in the proper manner and in the right circumstances, DNA testing is a valuable complement to criminal investigation and ultimately will assist in creating a safer society. For example, the New South Wales Minister for Police, Mr Whelan, has suggested that the new technology could assist in solving up to 80 per cent of previously unsolved crimes. In Britain, where a DNA database was established in 1995, it is claimed that the DNA testing of prisoners has led to about 60 per cent of major unsolved crimes being cleared up. The database currently contains more than 600,000 samples of individuals charged or convicted and 50,000 samples from crime scenes. In the year ending last April, the database drew matches on samples from 65 murders, 273 rapes and 76 sexual assaults.

There is also evidence to suggest that DNA sampling has a deterrent effect. For example, since the introduction of DNA sampling in Britain, burglaries have been reduced by 40 per cent. These are all very appealing statistics. DNA sampling may also work to establish the innocence of many people who might otherwise be implicated in a crime. As the Attorney General pointed out last night in his second reading speech, the bill covers suspects who are not necessarily under arrest or in lawful custody. This allows forensic procedures to be carried out for the elimination of innocent persons from suspicion without having to arrest them.

While I strongly support the use of forensic testing by law enforcement authorities, I believe that the proposed legislation would benefit from wider public debate. In early May this year a number of crossbenchers, including me, were approached by numerous organisations who had expressed disquiet with respect to the Government's announcement that it would move to introduce this bill. Those agencies included the New South Wales Law Society, the Ethnic Communities Council, the Sydney Regional Aboriginal Corporation Legal Service, the Positive Justice Centre, the Youth Action Policy Association, the Indigenous Social Justice Association, CRC Justice Support, the New South Wales Council for Civil Liberties and Justice Action. I have also received several individual representations on this matter from constituents, and have been briefed by the New South Wales Privacy Commissioner on some of the issues involved. The agencies I have referred to represent a wide cross-section of society, specialising in the representation and advocacy of vulnerable sections of the community.

Given the level of community concern about this issue, I believe that the Ombudsman's review and a full parliamentary inquiry into the matter are warranted. I will support an amendment to refer the bill to the Legislative Council Standing Committee on Law and Justice. Such an inquiry would enable the committee to carefully consider the proposed amendments to the legislation and would report back to Parliament after its consideration. I note that there is no obligation upon the Government to act on a committee's recommendation, but I think there are compelling reasons why the Government should do so.

I now discuss the substance of the proposed legislation and the scope of the proposed police powers under the bill, the use and supervision of this new investigative tool and the privacy and civil liberties safeguards which must be established. It is clear that the proposed legislation will result in a significant extension of the powers of police, which in turn raises the issue of possibly corrupt policing and the fabrication of evidence. Under the bill, there is scope for police to plant genetic evidence at crime scenes with samples such as fingerprints and hair samples being easily obtainable. It is worth noting that the most notorious miscarriages of justice in this country—such as those involving Tim Anderson, Lindy Chamberlain, Alexander McLeod-Lindsay and Leigh Leigh—can all be directly traced to police falsification and/or manipulation of evidence.

However, I am satisfied that the bill sufficiently addresses this potential problem in that it provides for the Ombudsman to monitor the exercise of police powers under the legislation for a period of 18 months and to prepare a report after that period to be tabled in each House of Parliament. I now examine that the civil liberties

implications that arise from the legislation. As the bill currently stands, a person who is suspected of having committed an offence—as well as those who are currently incarcerated for committing a serious indictable offence—may have DNA samples taken without their consent. This form of compulsory DNA testing not only represents a breach of the individual's right to privacy but also constitutes a serious erosion of civil rights in this country. The notion of protecting privacy as a fundamental human right is reflected in a number of international instruments, most notably in the International Covenant on Civil and Political Rights.

On this point, I draw attention to the fact that the bill sets out a number of safeguards to protect the rights of suspects, offenders and volunteers but applies particularly to children, incapable persons, Aboriginal Australians and Torres Strait Islanders. I am aware that concerns have been expressed in relation to the power of senior police officers to compel a suspect to give a genetic sample. Clause 20 of the bill requires a senior police officer to be satisfied about various matters before ordering the carrying out of a non-intimate forensic examination under part 4. The police officer must be satisfied that there are reasonable grounds for believing that the person on whom it is proposed to carry out the procedure is a suspect who has committed an offence and that the carrying out of the procedure without consent is justified in all the circumstances.

It is important to note that this extension of police powers is limited in the sense that the senior police officer's ability to order a non-intimate forensic procedure in the absence of consent applies only to suspects who are under arrest. Non-consensual procedures may only be carried out by a court order on suspects who are not under arrest. As is the case for currently incarcerated prisoners, the legislation will permit the taking of DNA samples without consent for cross-checking against crimes that are listed on a database. This measure is essential in order to clear up previously unsolved crimes and may even have a deterrent effect on repeat offenders. In relation to access, proposed part 11 of the bill regulates the recording, retention and use of information obtained from the carrying out of forensic procedures on a DNA database system.

Prior to the second reading of this bill, I had been concerned that the legislation did not sufficiently address the question of access to the system. For example, will all police officers have access to the database, or will access be restricted only to those who have express authorisation? What will stop police from using DNA to go fishing for suspects in the absence of any reasonable suspicion? I was also concerned that the bill does not go far enough to ensure that access to the DNA database is secure and controlled. Genetic material contained in a forensic sample holds far more intimate information about the subject than does a fingerprint. All the physical, racial and behavioural information about the subject will be available to the skilled geneticist of the near future, particularly upon completion of the human genome project.

The data available from such samples can be expected to become more and more valuable as genetic science progresses. For example, the information could be of obvious use to drug and insurance companies, a private investigator on a paternity case or even potential employers, especially if an indication is given that the subject had once been under suspicion of committing an offence. However, having heard the very thorough second reading last night, I understand that the offences of unlawfully supplying forensic material, improperly accessing information which is stored on the DNA database and improperly matching profiles will attract maximum penalties of two years imprisonment, a fine of $11,000 or both. In my view, those provisions to some extent will ensure that police officers exercise their powers under this legislation in an ethical manner.

In conclusion, I again voice my support for the use of DNA testing in criminal investigation. Violent crimes against persons—such as murder, rape and assaults—commonly involve the transfer or loss of biological material such as semen, saliva and hair. These biological materials can yield valuable incriminating evidence that can help to link a criminal to a crime. However, I reiterate my belief that this legislation will benefit from wider public debate and comment through a parliamentary inquiry. I support the bill. If this House wishes to refer the bill to a parliamentary committee, I would support that motion as well.

The Hon. I. COHEN [9.16 p.m.]: At the outset of my contribution to the debate on the Crimes (Forensic Procedures) Bill, I state that the Greens are not opposed to the use of DNA testing as a technique which may assist in law enforcement and reduce the incidence of crime in society. But we are concerned that the value of DNA testing as an investigative tool has been ridiculously glamorised in the lead-up to the bill being debated in this House. The view that DNA testing is a type of magic solution to crime became apparent at the time of the Wee Waa mass testing program that was conducted earlier this year. The media reports of comments made by police and some Government and Opposition members include almost no debate about the strengths and weaknesses of DNA testing and the need for the civil liberties safeguards to be incorporated in the legislation.

The honourable member for Barwon, Mr Ian Slack-Smith, was reported to have said that he would urge the Coalition not only to endorse the Government's DNA testing but also to seek widening of the testing to include people convicted of petty offences. It seems that the Government listened to the honourable member for Barwon and tried to become even tougher. The race between the Government and the Opposition to achieve the lowest common denominator in criminal justice policy has become a shameful aspect of New South Wales politics in recent years. The Police Minister was reported to have said that the "innocent have nothing to fear" from this bill. But the Greens believe that community fears in relation to the bill are completely justified. During the Wee Waa spectacle, when people in that community were vilified when they expressed civil liberties concerns, the issue was particularly shameful.

Many detailed concerns about this bill have been mentioned by my colleague Ms Lee Rhiannon. Those issues are canvassed in the Greens amendments and the amendments proposed by the Hon. Dr A. Chesterfield-Evans and I do not wish to repeat those concerns. Rather, I ask the House to consider the description of the Wee Waa mass testing program by the chairman of the New South Wales Law Society's human rights committee, Mr Michael Antrum, who referred to the mass testing as a "frightening glimpse of a future police state in New South Wales". The Greens suggest that the prediction that New South Wales is heading for an Orwellian future is not an exaggeration. The potential for DNA information to be made widely available as a result of this bill is indeed a frightening and a real possibility. I inform the House about an Internet site, CrimeNet. A journal produced by the New South Wales Council of Civil Liberties, *Civil* Liberty, contains an article, "Exposure on the Internet", in the June issue which states:

> CrimeNet, the website blamed for the closure of a Victorian murder trial in May, describes itself as "the world first Internet-accessible crime and missing persons information service."
>
> It is certainly a massive intrusion into privacy and personal life.
>
> Apparently there are enough voyeurs and sneaks to support the website based in Perth, WA. At last count it was getting 100,000 hits a day.
>
> The site managers claimed "Australians are sick of the level of crime in our society and want more information to protect themselves."
>
> The managers say it provides Australians and others with a database of convicted criminals, cross referenced by name, type of crime and occupation of criminal, and a database of "con artists, frauds and scams."
>
> The site also offers a "list of paedophiles", databases of stolen and lost property, a database of missing persons, details of persons wanted by law enforcement agencies, details of unsolved crimes, and "a list of rewards of up to $5 million for information regarding certain unsolved crimes and wanted persons."
>
> The aim is claimed to be "to assist the police and public in preventing, reducing and solving crimes, and aiding the search for missing persons and property."
>
> The site executives include a veteran of 17 years in the Victorian Police Force, including several years as a senior detective.
>
> A statement by the site managers says they will list "all those who have pleaded guilty or been found guilty by a jury or judge in Australia's courts" with a starting list of 4,000 names, in all categories.
>
> CrimeNet claims it is "designed to co-operate with law enforcement agencies."
>
> The increasing intrusions of Internet entrepreneurs are becoming Orwellian. As the *New York Times* said recently: "The Internet is Orwellian in its reach, but there is no Big Brother. Instead there are a lot of Little Brothers. Beware of the Little Brothers. They are going to be the problem.
>
> "The Internet empowers individuals, websites, corporations and even hotels, so they can amass huge amount of information outside of any government supervision.
>
> "Some of these Little Brothers will use that personal data responsibly. Others will not."

Nothing in this bill will prevent genetic information about people, once obtained by the police, being sold to people such as the promoters of CrimeNet. The Privacy Commissioner, amongst others, was definitely of the view that the genetic material must be held by an independent authority and never left in the custody of the police. But the system created by this bill means that we must trust the police to do the right thing. Unfortunately, past experience has shown that too often the police have abused the trust placed in them by the community.

We know as a result of the Wood royal commission that corruption within the police force has resulted in some very serious criminal activity. For example, the royal commission revealed that police medical officers are subject to pressure from investigating officers to corruptly alter evidence. In 1997 the United States of

America Justice Department investigation revealed that FBI DNA laboratories have engaged in systematic distortion of test results in order to favour the prosecution. By giving police medical officers custody of this material, without adequate supervision, it is therefore highly likely that some of the material will be misused. The bill creates offences in relation to the improper supply and use of genetic material, but this is likely to be an insufficient safeguard.

The real problem has been that this legislation has been drafted in such a rush. It has been pushed through the Parliament by a government that simply wants to bask in the immediate glory that comes to politicians who are tough on crime. But the Parliament needs to consider much more than tomorrow's headline. Minister Whelan's speech provides a completely inadequate explanation for the bill, and it verges on misleading Parliament. For example, Mr Whelan claimed the bill was largely based on the Model Criminal Code Officers Committee draft, but the bill differs in very significant respects from the Model Criminal Code Officers Committee draft.

The New South Wales Law Society expressed concern in relation to several provisions that are significantly different. It referred to those differences as "substantial departures". The New South Wales Attorney General now needs to explain why the bill differs so significantly from the model bill. He needs to explain why the Government has proceeded with a bill that does not contain the minimal safeguards recommended by Australia's most recognised group of experts in criminal law. These are not insignificant, trivial or obstructive questions. They go to the heart of the administration of justice in this State. Without proper answers to those questions, the bill should be seen for what it is—a dangerous and fundamentally flawed threat to the freedoms that are so important to the way of life in our community. In its present condition, the bill is condemned by the Greens.

The Hon. PATRICIA FORSYTHE [9.24 p.m.]: I want to make only a short contribution to debate on this bill. This is an interesting and important debate about crime prevention. I want to make the point that DNA testing is not an exact science. I am very interested in the issue of DNA, but from a particular point of view. I grew up believing that I was not an identical twin. I am, as a twin, on the register of twins and I, along with my sister, participate in medical research in the interests of broader issues of research. We, after believing for many years that we were not identical twins, and after many years living in separate households, are reasonably alike. There is some doubt whether we are identical or fraternal twins. We have done eight-part DNA as a consequence of medical research. It is not possible at this stage to determine whether we are identical or not identical because we have not done a full DNA test. I say this against a background of quite often seeing American television programs about twins separated at birth. We laugh and scoff at them as if those are things cannot happen here. The reality is that identical twins have identical DNA. I just want to put that on the record as part of this debate.

The Hon. D. J. Gay: What about fraternal twins?

The Hon. PATRICIA FORSYTHE: Fraternal twins will have differences in DNA. That is the point about identical twins. I raise the point because there is that difficulty about establishing DNA matches as an absolute guarantee of proving identity for the purposes of solving a crime. This may not be an important issue for many in our community, but I have a twin sister—identical or fraternal, not yet determined—and obviously there are many others in our community in a similar position. I suspect that neither my sister nor I would have too much concern about matching of our DNA in the context of a criminal issue.

The Hon. R. S. L. Jones: You never know what your sister is getting up to!

The Hon. PATRICIA FORSYTHE: I figure, given her calling in life, I should have little worry about what she might get up to. But unless you are a twin thinking about DNA in that context, it might be right outside the focus of the bill. I do not want to detract from the bill, which I know is important and has the support of the Opposition. However, this being a House of review, it is an issue that needs to be aired. I suspect there should be an acknowledgment by the Government that the circumstance that I raise is not a flaw but an issue that needs to be considered. I place the fact on record because it needs to be borne in mind when considering some of the relevant issues and in particular the exactness of the science of DNA. There is in the community a group for whom this would be a relevant and important issue. Some day, someone could be wrongly accused. It is an issue of DNA and having the identical print of another person. I leave it at that. I look forward to the Attorney General's response.

The Hon. R. S. L. JONES [9.28 p.m.]: In early May this year members of the crossbench raised concerns regarding the proposed DNA legislation with the Premier, Mr Carr. Although there was no bill before

the House at that time, the DNA testing of virtually the entire male population of Wee Waa led to concerns being expressed by a number of community organisations and individuals. For example, the New South Wales Privacy Commission flagged a major concern about privacy incursions, particularly given the lack of consultation with the commission prior to the Wee Waa experiment. In April the Privacy Commissioner, Chris Puplick, commented publicly:

> I find it alarming that during the debate the New South Wales Government has not sought any comment or advice from Privacy New South Wales, the body established by Parliament to protect the privacy rights of its citizens ... This should set alarm bells ringing. What have they got to hide?

The New South Wales Law Society and the Bar Association raised serious procedural issues that they perceived could have the potential to extend trials and subject the courts to time-consuming and expensive legal challenges, with the spectre of miscarriages of justice or challenges to voluntariness of confessions. Problems with the process were echoed by the Sydney Aboriginal Regional Legal Service, which stated:

> Given the over representation of indigenous people in the criminal justice system and the focus on rural communities with large indigenous populations, this issue has particular relevance to the indigenous population.

The Legal Corporation stated that the issues surrounding the collection, storage and disposal of DNA samples were so complex as to require careful scrutiny and detailed public comment. The Indigenous Social Justice Centre also raised concerns that Aboriginal people could be adversely affected by this legislation and they would certainly be impacted upon if the Wee Waa precedent was followed without undue parliamentary consideration. The Ethnic Communities Council voiced its concerns regarding the privacy and human rights issues that would impact adversely on people from a non-English speaking background. The Youth Action Policy Association expressed dissatisfaction with the Wee Waa process and the potential for this legislation to impact on young people and children.

The Public Interest Advocacy Centre seconded calls for appropriate procedural safeguards particularly surrounding the collection and disposal of DNA samples, while CRC Justice Support raised the issue of the Federal model bill that this bill will gazump. What is significant is that, despite highlighting these serious flaws in the proposed legislation, none of the groups that I referred to earlier absolutely oppose the proposed DNA testing and the creation of a database. Contrary to some media reports, no-one has said that DNA testing would not be a useful tool in itself. However, each organisation has expressed concern about the Wee Waa precedent with its pre-empting of legislation through this House. Despite the fact that crossbench members raised community concerns with the Government, this bill does not resolve those concerns.

The bill does not overcome original fears about undue privacy encroachments and the potential procedural difficulties with the taking and maintaining of DNA samples. It does not adequately address fears about the impact on vulnerable communities—indigenous populations, youth or people from a non-English speaking background. We have not been given any information that could possibly satisfy the community that this bill will help to reduce crime. DNA stand-alone testing will achieve little. The diversion of police resources from the front line to this new, untried technology leaves great scope for new problems. We do not know how much has been budgeted for the cost of this legislation, if enacted. How much will this legislation cost the State in its first five years of operation? How many front-line police who are solving crime will be taken away because of the cost of this legislation?

Concerns have also been expressed that pre-empting the Federal Model Forensic Procedures Bill could cause difficulties in the establishment of a consistent Australian approach to this complex issue. If this bill mirrored the procedural safeguards contained in the Federal bill, community anxiety would be assuaged. That is not so. The Government claimed that there was very little difference between this bill and the Federal Model Forensic Procedures Bill currently awaiting implementation. Yet, according to the Law Society and the New South Wales Bar Association, which have examined the bill and the Government briefing which accompanied it, there are fundamental differences between the two pieces of legislation. The New South Wales bill is the worst possible proposal.

A considerable number of agencies have been involved in drafting and consulting on all aspects of the Federal bill. This process has taken place over three years. This is not the case with the New South Wales bill as revealed in the letters from the agencies I referred to earlier. There are so many problems with this bill; so many things that we do not know. For example, when and how often will laboratories be tested for calibration of results and operating standards by an external and independent body? What body has the capacity to even carry out this task? Will records be kept identifying which laboratory staff member tested individual and identifiable

samples or batches of samples? We are not even sure whether private laboratories will not be used to process DNA samples. What a range of problematic issues that prospect raises.

We should also ask: What controls will be placed on the sharing of DNA material, or data extracted from DNA, with other organisations, bodies and jurisdictions? We do not know the answer to that question. The possibility that DNA profiles of New South Wales citizens could be shared with other jurisdictions with weaker privacy legislation than New South Wales is extremely problematic. It is a matter of grave concern to groups such as the Privacy Commission and it should be a matter of the greatest concern to members of this House. Under this bill that is possible. This bill also has unacceptably lax protocols for removing key identifying information from all record-keeping mechanisms. Volunteers and those found not guilty or pardoned of a crime will still have their DNA profile retained. Any questions about their possible involvement in a crime would have been removed, so why keep the actual profile from which much information can be gleaned? Why keep it? What is the point?

My amendment will remove the possibility of this happening by including the removal of the DNA profile with the bill's provision to remove identifying material for this class of people. I will also seek to remove the public concern that police are the ones responsible for the collection of DNA samples by amending the legislation to allow only non-police officers to collect samples from volunteer suspects or those convicted of an offence who are already in our gaols. This will remove the understandable public apprehension that individual police officers might be in a position to adversely affect the crime scene or contaminate DNA evidence. As it is only four years after the Royal Commission into the New South Wales Police Service it might be wise for honourable members to remember that justice must not only be done, it must be seen to be done.

The perception of bias or the merest hint of wrongdoing that could attach to the collection of samples by police could bring potential harmful allegations against the collection process and the integrity of the system. Rather than cast the slightest aspersion on the Police Service, it would be better to ensure, by removing the power of police to take the samples in the first place, that such allegations could never be made. The civilianisation of the service has a precedent—trained forensic civilians take samples from convicted peoples in the United Kingdom. My amendment seeks to do no more than parallel the safeguard that the United Kingdom has already embraced in its DNA legislation. As I have tried to show, the issues surrounding the collection, storage, use and disposal of DNA samples are extremely complex. I have, therefore, proposed that this bill be referred to the Standing Committee on Law and Justice to properly assess all the issues associated with the legislation and to reassure the community that it is the best and most welcome legislation that we could have. I understand that both the Government and the Opposition will be supporting that move. I urge my colleagues on both sides of the House to support the amendments in Committee.

The Hon. J. HATZISTERGOS [9.36 p.m.]: DNA profiling is a major breakthrough in police investigation techniques. Genetic information contained in the cells of any part of human tissue can be used to assist in ascertaining the guilt or innocence of suspected criminals. This technology should be seen as an enhancement of traditional police detection methods, but not as a substitute for those methods. DNA evidence is only one element of a criminal investigation. DNA technology can find the answers for police but it also poses questions for society. Once these questions have been addressed satisfactorily we have to consider the context in which that evidence is to be used ultimately when it comes to determining the guilt or innocence of an accused.

The enormous potential which DNA testing has for solving crimes is not disputed. However, in a discussion about whether or not to introduce this technology as part of New South Wales police practice, the forensic and technical value of DNA testing has to be put into context. Most important is the overriding concern that there be adequate safeguards to prevent the misuse of genetic information. This concern extends beyond the realm of crime detection into general issues regarding the proper role of genetic technology in our society. The proposed legislation will enable the establishment of a New South Wales DNA database and enable police to compel suspects and, in certain instances, some prisoners to provide samples. The taking of samples by police, how and from whom, is an issue which has to be considered.

The legislation attempts to strike some balance in relation to the various interests that exist. DNA testing is much more than an upmarket system of fingerprinting. Even if a criminal has not touched something with his bare hands, an analysis of saliva on a cigarette that he has left behind can often place an identified person at the scene of a crime. Fingerprints, if any are left behind, can be used similarly to establish identity by cross-checking on an existing database. A sample of human tissue, such as blood, semen or hair, can yield far more information. A DNA molecule can be used to examine the entire genetic make-up of an individual. Hence DNA testing has the potential to go far beyond mere identification. From the perspective of juries the sanctifying effect of science can lend scientific evidence an air of certainty and accuracy.

It should be remembered that scientific evidence also carries the possibility of inaccuracy. For this reason, defence lawyers have to be able to appropriately scrutinise that evidence. I note with interest that, in a number of cases which have already dealt with the question of DNA evidence in the courts, it has not been accepted. I refer in particular to the Pantaja case, which was decided in the Court of Appeal. The court ultimately reversed a decision which was taken by a jury in the first instance because of misinstructions in relation to the probabilities involved in determining whether a DNA sample was sufficient. In that case insufficient evidence was led as to the material from which the profile was derived. Accordingly, on that basis the conviction was set aside. In the case of *Crown v Elliott* the admission of DNA evidence did not guarantee a conviction. The jury in that case acquitted the accused.

Similarly, in Britain the context of DNA evidence was put in the case of *The Crown v Adams*. In that case the Court of Appeal in England also set aside a conviction notwithstanding that reliance was placed on DNA evidence. The facts of the matter are that DNA evidence has to be put in its particular context. All it can indicate if it is taken properly and assessed properly is that some aspect belonging to an accused was at a particular location. Much more than that has to be adduced in order to actually link the accused with the commission of a crime at the particular time.

The questions that this bill raises, however, are not so much in relation to admissibility but more on the question of procedures. Some of the issues that arise in the context of DNA legislation are, for example, the database, the records that will make up the database, who has access to the database and the circumstances in which that information may be exchanged either interstate or overseas. One of the concerns that I have had with this legislation has always gone beyond the question of the DNA profile to the question of the actual sample.

As members would be aware, what will happen in relation to DNA is that a profile will be formed from the sample which is taken, and in an appropriate case, particularly where the accused is convicted, the sample will ultimately be kept. If the accused is acquitted the sample will be destroyed. The reason why the sample, however, has to be kept is because technology is improving as we speak. A simple profile that may be regarded as accurate and appropriate today may become out of date with time, but improved technology should bring greater accuracy and therefore reduce the probability of an inappropriate match, ascertained on the basis of a further profile being taken from the sample. For that reason, I suppose I am reassured in the interests of crime prevention that it is appropriate, in those cases that I have identified where conviction results, that the sample should be kept.

I noticed with interest when I followed this issue that different jurisdictions have addressed this problem in different ways. In some jurisdictions, both interstate and overseas, I note that different approaches are taken to the circumstances of, and indeed the people who may be responsible for, keeping the samples. Our legislation tries to strike an appropriate balance. Time will tell—in the context of the amendments which I understand the Government proposes to accept in relation to a review of this legislation by the Ombudsman and also by a standing committee of the Parliament—whether that appropriate balance needs some further refinement as time goes by.

However, I think the fact that ongoing monitoring has been recommended in the legislation by the Ombudsman's office and that appropriate resources will be given to the Ombudsman's office for the purposes of conducting that analysis means that some reassurance can be given on that issue. In addition to that, of course, heavy penalties are provided in relation to misuse of this particular information. Let us not for one moment forget that in jurisdictions such as in the United States of America, where originally some of this DNA material was derived ostensibly for purposes of criminal investigations, ultimately legislation has permitted it to be used for purposes other than criminal investigations, such as medical research.

I would have some concerns about that being the case because certain conclusions may be able to be drawn, particularly on the basis of particular ethnic groups and whether they are predisposed, for example, to committing criminal offences or whether people who have a particular colour or other identifying feature are more prone to committing criminal offences. To some extent, having a database that will have profiles of people of a particular genetic make-up leads one to say that potentially the database could be used for that particular purpose. One has to be very careful about those issues to avoid broad generalisations that criminal offences are the province of a particular part of the community. This legislation has to be approached with caution. I believe the legislation does that. For that reason I have no hesitation in supporting it. There are some other matters that I will address, but I can perhaps more appropriately do that in the context of the Committee debate.

Reverend the Hon. F. J. NILE [9.44 p.m.]: The Christian Democratic Party is very pleased to support the Crimes (Forensic Procedures) Bill. We congratulate the Government on having the courage to introduce this

bill, and we also congratulate the Premier and the Minister for Police, who have been criticised by people who are not enthusiastic about the bill. If the Premier and the Minister have played a role in the bill coming to this House, they deserve our thanks and the thanks of the community. Rather than criticise the Government for introducing the bill, I would ask why it has taken so long to introduce it and give the police the opportunity to use this innovative DNA technology to identify criminals and declare others innocent of crimes.

There seems to be an undercurrent in this debate—which seems to be present in debates on other legislation dealing with crime—in regard to whether emphasis is placed on the victim or the criminal. Rape victims, and the bereaved relatives of murder victims, often want the criminal to be identified. That may only be possible with DNA testing. The murder victim cries from the grave for the offender to be brought to justice, but the bereaved family—the children, the husband or wife, and other relatives—grieve. The grieving process is assisted if the person who commits a shocking crime is found, identified and convicted.

DNA testing can be used to meet the needs of victims of crime in our society and those who are victims through their relationship to a murdered person. We are pleased to support this bill. I should like to mention a paper presented to the Sydney Forensic Science Society in May 1999 entitled "A National DNA Database—The United Kingdom Experience". That very informative paper was presented by Detective Superintendent Robin Napper from the United Kingdom, who has spent 29 years in police activity. As head of operations at the National Crime Faculty he has worked extensively on major investigations that incorporated DNA technology.

According to the paper, this officer is currently seconded to the New South Wales Police Service at the request of the Commissioner, Mr Peter Ryan, to assist as a member of the team developing an integrated crime management system for New South Wales that will hopefully have DNA as a core forensic tool available to investigators. The paper was presented on 13 May 1999, and I am sure that Detective Superintendent Napper will be very pleased that the legislation will, we hope, go through this House when we come to the final process of voting for it. If some of the proposed amendments do not weaken or destroy it, he will be very pleased to have what he called a core forensic tool available to investigators. I seek leave to table that paper.

Leave granted.

Document tabled.

The legislation will introduce a regime for carrying out forensic procedures on suspects, serious indictable offenders, and volunteers. It provides for the storage, use and destruction of material derived from forensic procedures and provides for a national DNA database containing information derived from forensic procedures. As honourable members know, in 1999 the Model Criminal Code Officers Committee released a discussion paper entitled "Model Forensic Procedures Bill and the proposed National DNA Database." In February the committee released its final report containing a revised model bill based on submissions received in response to the discussion paper.

The report from the Model Criminal Code Officers Committee referred to the United Kingdom experience, which has been extensive and very promising. The Model Criminal Code Officers Committee stated in its report that the information it had been able to secure concerning the United Kingdom national database for DNA had been operating since 1995. It had been used to make over 10,000 matches between crime scenes and suspects. It had been used in clearing up, on average, 333 crimes per month. There is a cold hit rate of 18 per cent of matches arising from comparing whole indexes—for example, comparing the whole crime scene index against the whole of the serious offenders index. This is better than using fingerprints, which give a hit rate of 10 per cent.

More than 600,000 samples have been submitted for analysis. Of these, just over 500,000 have been profiled and included on the database. From April 1998 to the end of January 1999 there have been the following person to crime matches: murder-manslaughter, 35; rape, 112; sexual assault, 41; grievous bodily harm, 40; serious robbery, 88; aggravated burglary, 51; and arson, 46. I am sure that would be encouraging to all honourable members. It shows that the bill will make a huge difference to policing in the State of New South Wales and, hopefully, it will assist other States and even be of assistance on a national level as we co-operate with the Federal Government.

The bill sets out the procedures that may be carried out on suspects, volunteers and serious indictable offenders. The procedures are categorised as either intimate forensic procedures, non-intimate forensic procedures or buccal swabs, that is, mouth swabs, one of the common methods of getting DNA from volunteers

or suspects. An intimate procedural swab can only be carried out on a person suspected of a prescribed offence, defined as an indictable offence, and any other offence prescribed in the regulations. A forensic procedure may be carried out on a suspect either with the suspect's informed consent or by order of a senior police officer or a court. Before requesting consent to a procedure, a police officer must be satisfied that the suspect is not a child or an incapable person; that there are reasonable grounds to believe the procedure might produce evidence tending to confirm or disprove—and that is important, as I said earlier—that a suspect committed an offence; or that the request is justified in all the circumstances.

The bill also provides for the testing of volunteers and sets out preconditions for seeking consent and safeguards for carrying out the procedures. It provides also for the testing of serious indictable offenders, those serving terms of imprisonment for offences attracting a maximum penalty of five years imprisonment or more. The bill also establishes a DNA database and provides for the recording, retention and removal of identifying material from the database and sets out rules regarding the matching of DNA profiles. Evidence obtained from the carrying out of DNA procedures may be inadmissible in proceedings against the person if the procedures are not carried out in accordance with the provisions. Profiles taken from suspects and serious indictable offenders may be matched against profiles contained in the crime scenes index. Finally, if the procedures are not carried out in accordance with the Act the evidence may be inadmissible.

The bill provides for the monitoring of the Act by the Ombudsman, who will report after 18 months of operation of the Act. For that reason I find it puzzling that there is support for referring the bill to the Standing Committee on Law and Justice and for it to report in 18 months. I would have thought the Ombudsman could adequately monitor the Act and report after three months of its operation. The committee could overlap the work of the Ombudsman in monitoring the operation of the Act. The Ombudsman would normally indicate where amendments are needed to fine tune the legislation, which happens quite often. No legislation is perfect in every detail. Some of these changes may show up only through activity carried out following the passing of the bill and when DNA testing is being used by the New South Wales Police Service. Even the police, through the Commissioner of Police or the Minister for Police, may suggest amendments to the legislation after 18 months. That would appear to me to be adequate.

It would be a pity if the Standing Committee on Law and Justice—and I have great faith in the chairman, the Hon. R. D. Dyer—were used for headlines or publicity stunts that undermine public confidence in the DNA legislation. Quite often newspaper headlines can give the wrong impression. One example was the headline, "Volunteers forced to give DNA swabs", which referred to what happened at Wee Waa. That can cause a negative reaction within the community and reduce co-operation. I hope publicity about DNA testing will be played down after the bill is passed.

It is very important that there is no publicity about the crimes and the use of DNA testing, because it may alert criminals that the net is closing and they may leave the country, as happened in a very prominent case involving a person with Australian and Greek citizenship. That person has been able to evade police here and seems to be successfully evading the courts in Greece. It would be a pity if police got close to identifying the murderer of a child and, because of publicity and other misguided statements, was able to escape the law. I urge all honourable members to co-operate, and I trust that the media will co-operate by not using sensational headlines but taking a businesslike approach to assist police in carrying out their investigations. An article by Rachel Morris, State political reporter, in the *Daily Telegraph* on 5 June stated:

> When new DNA laws are passed by State Parliament this week, scientists at the Government's forensic laboratories believe contents of this fridge could solve at least three murders and catch a serial rapist.

The article goes on to say:

> *The Daily Telegraph* has been given an exclusive look at the process by which the samples are stored in massive industrial freezes at the Institute of Clinical Pathology and Medical Research at Lidcombe.
>
> Inside, the samples include human tissue, saliva, cigarette butts, lipsticks, toothbrushes, hairbrushes, carpet and bloodstains collected from NSW crime scenes since 1985.
>
> The freezer also holds samples of semen, hair, dandruff, skin, knives, fingerprints, bedsheets, pillowcases, tea-towels, clothing and even pieces of wood which could all contain DNA samples valuable in solving crimes from murders and rapes to armed robberies and burglaries.
>
> The DNA collected from these specimens will be cross-matched with the samples taken from prisoners and others who will be tested under the new powers.

I do not know who gave approval for a *Daily Telegraph* photographer to take these photographs. The report then refers to a number of murders, including that of Rebecca, an 18-year-old prostitute, Donna, a 40-year-old mother of three, and Rachel, a 29-year-old mother.

The person who committed those crimes, unaware that the evidence was stored in this cupboard, may have read the article. He may leave the country, making it more difficult to apprehend him. This bill could result in the net being closed on that individual. I do not think there is any security control at Mascot airport, judging by those who have left the country easily. If a person who is not a suspect for those murders believes that his DNA is in that cupboard I suggest that he would be fairly keen to leave Australia and perhaps go to a country without an extradition process available to return him to Australia. I hope that does not happen. Someone with good intentions may have thought that such publicity would help the bill to go through the House, but it may have indirectly alerted the murderers, as potential suspects to be questioned and tested.

I do not know whether other honourable members are aware of this, but it seems coincidental that the *Australian Women's Weekly* of June 2000 published a very good article entitled "Silent witness". The article is about Helena Greenwood, a scientist who spent most of her time researching DNA to see how testing procedures could be refined. She was one of a few biochemists who were working on techniques that would allow forensic pathologists to isolate and examine tiny samples of human DNA found at the scenes of crimes and match them with samples taken from suspects. Tragically, Helena Greenwood was at home alone one evening when David Frediani, then aged 30 years, broke into her home. He sexually assaulted her and threatened to rob and kill her. She had seen his face and was convinced that he intended to kill her.

For almost three hours Helena Greenwood fought for her life with words, and finally persuaded David Frediani to leave. After he left she gave the police information and he was arrested. Sadly, against serious objections by the local district attorney and the police, Frediani was granted bail, and then disappeared. The scientist knew she was a potential murder victim because she was the only person who could give evidence against him. For many months she lived in great fear. She moved house, changed her phone number and took a number of other measures; and for nearly six months life became normal and she felt she was no longer at risk. The fear left her. Then one day in August 1985 Helena did not show up for work. Her husband, Roger, rushed home, where he found his wife lying in the back yard, dead. She had been beaten and strangled.

The police then detained David Frediani but they were not sure how to prove that he had committed the murder. DNA was not being used so extensively in 1985; it was still in its infancy. Although police did not have evidence to convict the man, they found under Helena's broken nails, as a matter of routine, tiny skin scrapings which they removed and stored. As greater expertise with DNA testing developed, the police conducted a DNA test and matched the skin scrapings to David Frediani. He has now been charged with her murder and with a special offence of killing a witness to a crime, because he intended to murder a witness who saw him commit an earlier burglary, sexual assault and robbery. If he is found guilty he will probably face the death penalty.

Although there was no living person to give evidence against him—the DNA scientist was dead—the evidence from Helena's hands and a message in genetic code stored in the police station, and forgotten for 15 years, were a helpful witness for the prosecution. It is almost ironic that a DNA scientist was murdered and DNA was used to identify her murderer. The Christian Democratic Party is pleased to support the bill before the House. We believe that such legislation has shown to be remarkably successful in the United Kingdom. The United Kingdom police force is a conservative police force. It is different from the American police force, which uses DNA testing. I am not being critical of the American police force. However, I believe we can follow the example of the United Kingdom, where DNA has been used carefully, responsibly and successfully. We should see the same results in New South Wales, so we are pleased to support this bill.

The Hon. D. E. OLDFIELD [10.07 p.m.]: First, I congratulate the Government on this bill. I wholeheartedly support what it is doing. In particular, I congratulate the Government and the police on the tremendous result achieved in Wee Waa recently. The voluntary DNA testing of Wee Waa residents produced a swift result. I have one minor concern about this bill. I will not dwell on it but it needs to be mentioned. Sadly, the bill provides special arrangements for people of Aboriginal descent. As a result of DNA testing in Wee Waa, the accused has turned out to be a person of Aboriginal descent. Therefore, there does not seem to be any impediment to catching people of that persuasion. I will not dwell on that matter, but it needed to be mentioned from the point of view of One Nation's consideration of all things being equal in the way people are treated. I do not see it as an impediment, and it should not detract from the fact that I wholeheartedly support the bill. Once again I congratulate the Government, as no doubt I will congratulate the Government several times in the next couple of minutes.

One Nation supports the Government's plans in regard to the testing of inmates in gaols. Clearly, that is very important. We also support the concept that victims have rights beyond those of convicted persons. We do not in any way support the concept that criminals are victims of society. While there may be circumstances that can be taken into account, we must not overlook the crimes that people commit and simply rub those off as being circumstantial. So One Nation strongly supports victims' rights being considered over the rights of criminals. In the past victims have not had the same rights extended to them. In particular, the relatives and friends of victims have not had the same rights extended to them.

In the Wee Waa community, which comprises around 2,000 people, about 500 people voluntarily had themselves tested. According to media reports, only four or five complaints were made locally about the fact that the tests were taking place. It is almost amusing but it seems that the accused, who was ultimately caught by virtue of the tests, does not seem to have been among those complainants. From that result we can almost conclude that even accused persons seem to support DNA testing, because clearly they do not complain about it and in fact put themselves forward to be tested and thereby run the risk of being caught.

I again congratulate the Government. Considering the tremendous result of DNA testing in England, I would consider an amendment to extend the provision for testing beyond just convicts serving terms of imprisonment of five years or more to any convict who is a repeat offender with a history of more serious crimes but currently only serving a term of less than five years. A person who may be serving a term of imprisonment of only one or two years may be a recidivist who in the past has raped a person, or been involved in a similarly atrocious crime or even something simpler, such as armed robbery. Serious consideration should be given—I will certainly seriously consider it—to what action may be taken in respect of those who are clearly dangerous to society. That danger, though not apparent from the current term that that person may be serving, may be more apparent from an examination of the person's record and the years that he or she has previously served for much more serious crimes, particularly rape and other very serious crimes.

The Hon. J. F. RYAN [10.11 p.m.]: The Opposition supports the bill, which is a reasonable framework for initiating what is a new approach in criminal detection. There is no doubt that DNA profiling has had remarkable success in solving crime. In our enthusiasm for a new scientific method, it is necessary to observe a reasonable balance in its implementation. When we investigate this I suspect we will find that the legal framework we are introducing this evening is quite sound. Most of the concerns that arise about DNA testing have to do with laboratory practices, sampling techniques, and matters of that nature.

DNA matching is a probabilistic science dependent in the end for the role it plays in criminal investigation on human interpretation, analysis and judgment. It is almost certainly not a complete panacea for crime detection, nor an infallible evidentiary tool. DNA evidence is not infallible; all laboratory work is subject to error. Given current population databanks and laboratory protocols, a witness or prosecutor will seldom be justified in stating that the probability that a reported DNA match involves a person other than the suspect is so low as to make that possibility entirely implausible. Claims that treat DNA identifications as though they are as reliable as fingerprint identifications in the typical rape or murder case are unjustified, and until technology and databanks improve, they are likely to remain so.

Questions are frequently raised about the adequacy of the population databases on which frequency estimates are based, and about the role of racial and ethnic origin in frequency estimation. Some methods based on simple counting produce modest frequencies, whereas some matters based on assumptions about population structure can produce extreme frequencies. For example, in one Manhattan murder investigation the reported frequency estimates ranged from a one in 500 to one in 739 billion, depending on how the statistical calculations were performed. Contrary to popular belief based on difference in skin colour and hair form, studies have shown that the genetic diversity between subgroups within races is often greater than the genetic variation between races.

From time to time DNA cases have gone horribly wrong. I should like to refer to a couple of instances in the United States of America and in New Zealand where there have been difficulties. Last year in New Zealand an innocent man was implicated in two murder investigations on the strength of DNA tests. He was later cleared on the grounds of an accidental contamination at the laboratory. In response, the New Zealand Minister of Justice, the Hon Phil Goff, said in a press release of 9 March 2000 that, "DNA analysis is not infallible. It is only one piece of evidence that any jury must consider, albeit an increasingly persuasive one." I regard that as a very sensible approach to this new technology.

In *People v Castro* a New York trial court concluded that the technique as applied in the particular case was so flawed that evidence of a match was inadmissible. In that instance the difficulty was the laboratory tests.

Castro determined that there were serious flaws in the laboratory's declaration of a match between two samples. Again, in *State v Schwartz*, the Supreme Court of Minnesota rejected the use of DNA evidence analysed by a forensic laboratory. It held that "because the laboratory in this case did not comport with these guidelines, the test results lack foundational adequacy". In *State v Pennell* the court refused to add the probability statistics. The court expressed concern over testimony that the measurements of allele—one of two or more alternative forms of a gene—size can depend on who is doing the measuring. The court concluded that the State's evidence did not sufficiently support the probability calculation.

In January 1991 the Supreme Court of Massachusetts found a "lack of inherent rationality" in the process by which the testing laboratory concluded that one Caucasian in 59 million would have the DNA pattern represented by the semen stain and the defendant's blood. It was unsupported by the laboratories reference databank, which raised the possibility of calculation errors due to ignorance of population substructure. I am attempting to demonstrate that arguments about the reliability of DNA testing are phenomenally complex and often are extremely difficult for juries or people such as ourselves—lay persons who are not scientists—to comprehend.

Two aspects of DNA typing technology contribute to the likelihood of its raising inappropriate expectations in the minds of jurors. The first is the jury's perception of an extraordinarily high probability of enabling a definitive identification of a criminal suspect. The second is the scientific complexity of the technology, which results in a laypersons' inadequate understanding of its capabilities and failings. Taken together, those two aspects can lead to the jury ignoring other evidence that it should consider. I should like to refer to a quote which I found to be quite a useful guide from Thomas Curran's *Science and Technology Division of the Government of Canada September 1997*. He said:

> While a positive forensic-DNA match is persuasive evidence of a suspect's association with a crime, it is not absolute proof. There is always a chance, however slight, that the match might be a random one … Additional evidence and information is usually required to obtain a conviction.

For those reasons the Opposition in the other place made various amendments to this bill. I am pleased that the Government accepted those amendments. I am pleased also that there will be some level of monitoring by not only the Opposition but also this House through the Standing Committee on Law and Justice, simply to ensure that we get the legislation right. Our responsibility as legislators is to monitor complex legislation, particularly with regard to new technologies. The intent is not to interfere with the role of police but to ensure that adequate safeguards are maintained. Additionally, DNA testing allows us to enter yet another complex area of law making. Legal sanctions might need to be established to test for the unauthorised dissemination or procurement of DNA information that was obtained for forensic purposes. DNA profile databanks should avoid the use of loci associated with traits or diseases. Such information could lead to discrimination by insurance companies, employers or others against people with particular traits. It is fair to remember that DNA databanks have the ability to point not just to individuals but to entire families, including relatives who have committed no crime.

Computer storage of DNA information increases the possibilities for misuse. In America several private laboratories already offer a DNA banking service to physicians, genetic counsellors and, in some cases, anyone who pays for the service. Typically, such information as name, address, birth date, diagnosis, family history, physician's name and address, and genetic counsellor's name and address are stored with the samples. We need to ensure that there is legislation to control these new users of DNA information. With those remarks, and whilst there is reason for caution, the Opposition supports the bill.

Ms LEE RHIANNON [10.20 p.m.]: The Greens have very serious concerns in relation to the Crimes (Forensic Procedures) Bill and about DNA testing generally. While the Greens acknowledge that DNA testing will be implemented, clearly some inalienable safeguards need to be established, because they certainly do not exist at present. The Greens' concerns are derived from our longstanding commitment to protect the rights of all members of society and to ensure that legal safeguards are always sufficient to prevent abuses of power by the relevant authorities. The Greens will be moving a series of amendments that seek to enhance safeguards and reduce police discretionary powers that may be open to abuse—and when one has regard to the history of police conduct in this State, it is obvious that those safeguards need to be well and truly in place.

The inception of broad-based DNA testing, including a centralised DNA database, represents potentially revolutionary changes to law enforcement in New South Wales. DNA testing, in due course, may well change law enforcement in the same way as law enforcement was altered by the introduction of fingerprinting. Unfortunately the momentous changes that DNA testing involve have not been accompanied by a commensurate level of public debate and scrutiny. It is a matter of considerable concern to the Greens that this

House has had such a short period in which to consider this bill, which is a substantial piece of proposed legislation that covers aspects of DNA testing in some detail.

The brevity of the consideration period for this bill has effectively limited the participation of several interest groups whose input would have been most valuable because they would have helped to build in the essential safeguards to which I have referred. The brevity of the consideration period has effectively limited the ability of the crossbench and the Opposition to respond in depth to this bill. The Government is rushing through legislation that proposes to lay the basis for revolutionary changes to law enforcement in New South Wales without proper consideration, proper public debate and scrutiny, and input from the relevant interest groups who have a stake in this issue.

In due course the proposed scheme for DNA testing will exert a considerable influence over the exercise of justice in this State. Criminal trials are not to be taken lightly. Many people—potentially, many thousands of people—will face considerable periods in gaol after being convicted on DNA evidence. When the stakes are so high, and when the potential impacts on human lives are so great, the utmost care should be taken. There are significant limits to DNA testing. Samples can very easily become contaminated. Much has been heard, but it bears repeating, that minute amounts of genetic material—a stray hair, a stray flake of dandruff and even some tiny amounts of shed skin—can be sufficient to contaminate a sample. Honourable members should recall the tragic case in New Zealand in which, thankfully, a person who had been wrongly convicted was able to be released.

Nothing in the bill indicates that the Government takes those risks seriously or has any plans to manage the risk. Often, the risks associated with DNA testing are not presented during debate or by police when administering tests. Fantastic figures are produced indicating that a DNA match is a one in a million event—or even a one in a 10 million event, it is sometimes said. However, the real figures and the real accuracy rate are often much lower—perhaps one in 30. When this is considered in association with the problems of contamination, it is clear that the picture is much murkier than we have been led to believe. But the Government and its police force present DNA testing as a panacea for all evil. It is presented as the magic cure that can solve any outstanding crime. This approach is dishonest, and deliberately so.

The Greens foreshadow a series of amendments that correspond to several areas that have been identified as deficient in the bill as presented. One of the key issues identified by the Greens is the taking of bodily samples without consent. The bill allows police officers to authorise compulsory forensic procedures in certain circumstances. The Greens believe that this provision gives too much discretionary power to police and that those powers are open to abuse. It should be noted that taking bodily materials without consent was regarded as an assault and trespass against the person in New South Wales until 1995. That is another individual right that has been lost as this Government continues to push its law and order agenda. The Greens will seek to delete all provisions of the bill that empower anyone other than a magistrate to authorise a compulsory forensic procedure.

The Greens are also concerned about the definitions "a serious indictable offence" and "serious indictable offender" that are contained in the bill. The Greens believe that the current definitions are far too broad and, in their operation, would catch many people who do not deserve to be included in that category. The bill allows the most draconian penalty of another State to be used as a benchmark for a serious indictable offence—for example, mandatory sentencing laws in Western Australia and the Northern Territory. Similarly, under the current bill a conviction for an offence that may exist in another State but does not exist in New South Wales will nevertheless result in compulsory DNA testing. There may well be excellent reasons why the New South Wales Parliament has decided that the offence should not exist in this State—for example, I instance homosexual practices, which until recently were illegal in Tasmania.

The Greens also seek to remove the capacity to compulsorily DNA test all serious indictable offenders who have been convicted and who are serving sentences of imprisonment before the passage of this bill. Such a proposal would represent retrospective application of a penalty that was not intended by the sentencing magistrate. Informed consent is another area in which the Greens believe this bill is deficient. The Greens believe that the bill provides insufficient guarantees that someone who may be requested by police to give consent for a forensic procedure to be carried out received enough information to enable an informed decision to be made. It is not adequate to leave it to police to properly inform individuals in the exercise of police discretion. It is necessary to prescribe the information that is supplied.

In similar vein, the Greens have concerns that the bill includes multiple clauses providing loopholes whereby police might effectively fish for evidence in the absence of any reasonable suspicion of an offence.

One clause of the bill in particular would allow police to request a DNA test to provide evidence that would tend to disprove that the suspect committed any given crime. In other words, police will have the power to DNA test pretty well anybody at all if they wish. The tests are so broad as to be largely non-existent. This is another example of too much discretion being given to police—a discretion that is clearly open to abuse. Given the track record of police in this State to the present time, we should be very worried about those possibilities.

As it stands, the bill allows only certain categories of forensic material to be destroyed after a conviction is quashed. This raises a serious issue of DNA material continuing to exist even after the quashing of a conviction, and that would be plainly unfair. If a conviction is quashed or found to have been incorrect or wrongful, clearly there is a basis for keeping DNA material that was collected when the individual was a suspect. The Greens amendment will broaden the categories of material to be destroyed to include all categories of forensic material.

Another problem area in the bill is the testing of people suspected of summary offences, which, as honourable members well know, are relatively trivial matters, such as using offensive language or committing certain driving offences. Summary offences are rarely, if ever, serious enough to warrant this invasion of privacy, which will allow police abuses of civil liberties. It has been well established over a number of years that the operation of many summary offences laws affects indigenous Australians disproportionately. That certainly will be so when this bill, if not amended as the Greens suggest, comes into effect. It is also highly questionable whether the cost of DNA testing people suspected of summary offences is justified. The Greens seek to replace all instances of "indictable or summary offences" in the bill with "indictable offences". In other words, with the Greens amendment, police will not be able to DNA test those suspected of a summary offence. That is a most reasonable suggestion, and one that the Government should be able to support.

The Greens have enormous concerns about the wholesale DNA testing of communities by police, such as recently occurred at Wee Waa and is proposed to occur at Darlinghurst. Police should not be able to subject communities to mass DNA screening simply on their own initiative. If inability to solve a crime has driven police to such an invasive and expensive act that can so divide communities, the approval of a magistrate should surely be required. The voluntary DNA testing of people who are not suspects in a crime is no more than an enormous fishing expedition, and it is an unprecedented and dangerous move. Once again, we come back to the theme of police discretionary powers—powers that are excessive and dangerously open to abuse. The Greens will seek to amend the bill so that police must seek the approval of a magistrate before carrying out voluntary testing. In giving approval, a magistrate must take into account the expense and community disruption involved.

A final issue that the Greens are concerned about is that the bill does not make specific provision for any independent bodies to implement the provisions of this bill. Such bodies are essential if proper safeguards are to exist and the bill is to function correctly. Those bodies are essential also to maintain public faith in the DNA database and the procedure of DNA testing generally. The Greens believe that at least two independent bodies are acquired: one to carry out the testing, store samples and maintain records, and a second to establish and enforce standards for laboratories, technicians and computer databases.

The issues that the Greens have covered are far from an exhaustive list of the respects in which this bill is flawed. This is clearly a bill that is driven by the police ministry, a law and order bill, a bill that fails to adequately protect the rights of individuals. It is a most disappointing bill. The Greens urge the House to support the amendments that will be moved by both the Greens and other members of the crossbench. If the House does see its way clear to adopt such amendments, it will be a sorry day when the legislation is passed, and it will continue to cause serious abuses of the human rights of the people of this State.

The Hon. Dr P. WONG [10.32 p.m.]: I will make only brief comment on the Crimes (Forensic Procedures) Bill. I support the bill in principle, but I also have many concerns, most of which have been mentioned in this debate by other honourable members. I do not oppose DNA testing, but there are core principles to be considered and established before these tests are applied. Those principles are privacy and civil rights; police powers, an upgrading of facilities to conduct these tests, and knowledge of how these DNA tests apply to different racial, ethnic and cultural populations.

As a doctor, I can say from a scientific point of view that genetic testing can be excellent, and that given perfect laboratory conditions the tests will give good results. However, if conducted in forensic laboratories that have limited facilities and unsatisfactory working conditions, the tests can be less than perfect. False results and contaminated samples are two concerns that have been mentioned already in this debate. Also, there is the danger that a very high reliance will be placed on DNA testing to prove innocence and guilt beyond

reasonable doubt. DNA tests must not be taken as the sole evidence or be given higher weight than other evidence. In all circumstances when medical and legal considerations are mixed, there are complex issues to be resolved, and we should not jump at a new form of testing before we know all the facts and circumstances. I would like to quote from a letter from the Public Interest Advocacy Centre. It states:

> Public Interest Advocacy Centre believes that DNA testing is a valuable law enforcement tool in the right circumstances. However, we are aware of the concerns expressed by Aboriginal groups, ethnic communities and those representing prisoners and former prisoners about the potential for abuse of such powers if there are not proper procedural safeguards. We have also been told of concerns raised by medical experts.

In conclusion, I quote the Law Society of New South Wales, which stated:

> The Crimes (Forensic Procedures) Bill 2000 departs sufficiently from the MCCOC Model Forensic Procedures Bill to warrant referrals to the Legislative Council Standing Committee on Law and Justice for a public inquiry.

I fully endorse the Law Society's opinion on this matter.

The Hon. M. I. JONES [10.35 p.m.]: I support the Crimes (Forensic Procedures) Bill. I wish to re-emphasise the point that has already been made: DNA testing, as another form of fingerprinting, has the potential to assist police with charging and prosecuting criminals, and is obviously quite marvellous. Marvellous is not a word that I would usually use in terms of crime, but this tool is marvellous because it will identify criminals and help to put them away. It is marvellous because, in the medium to long term, fewer women and children will be raped. It is marvellous because all forms of crime will have a much higher rate of being solved.

Some members on the crossbench have foreshadowed amendments. I believe those amendments are designed to divert the impact of the bill or to make it unworkable. Some have suggested that the bill will enable police to go on so-called fishing expeditions. Well, I think fishing expeditions are wonderful if they net a catch of criminals who can be put away thereby protecting our society. Some crossbench members would argue frequently that they are the champions of the cause of women. Either they want women to be safer, or they do not. This is simple stuff. Or are the amendments simply an attempt to water down the impact of the bill or to impress or recruit the votes of criminals or supporters of crime and criminals?

During briefing sessions Chris Puplick likened this bill to the Spanish Inquisition. I thought that was somewhat over the top. Allow me to point out how this bill will not only help solve crime but also prevent it. Criminals do not expect to get caught. That is why excessive punishment does not necessarily deter crime. However, if the expectation of detection is to be so enhanced by this measure, that will be a real deterrent to crime in general, but especially the offence of rape. Reverend the Hon. F. J. Nile listed a number of solved crimes that prove the point. DNA testing of all prison inmates will result in many outstanding crimes being solved. This will be not only marvellous for protecting society in the future, but it will assist the victims of crimes to have a closure for their ongoing trauma—a point not mentioned by the crossbench members who will offer amendments. My crossbench colleagues spoke of the police with such distrust and scorn that I think they have forgotten who gets to do the dirty jobs in our society. Who looks after us on a day-to-day basis? Who faces the violent criminals on our behalf? My attitude is: Give them the appropriate tools to look after us, especially the most vulnerable in our society. I support the bill without amendment.

The Hon. J. W. SHAW (Attorney General, and Minister for Industrial Relations) [10.38 p.m.], in reply: I thank all honourable members for their valuable contributions to this debate. The Crimes (Forensic Procedures) Bill moves police investigations into a new era that facilitates the use of the latest scientific techniques to assist in solving crime. As I earlier argued, the bill merely facilitates crime solving; it does not represent a change in the culture of policing per se. It is an essential tool being implemented in a timely manner to coincide with the establishment of the national DNA database, a tool that includes a number of safeguards to protect the community from any overzealous implementation.

The Ombudsman will review and monitor the legislation. The courts will have an oversight role either during the taking of samples, where specified in the bill, or at the trial stage. While some members have expressed well-thought-out concerns, the Government, too, has considered those concerns. It believes that this bill represents the best mix of police responsibility with community safeguards and protections. I indicate at this stage that the Government will not support the great majority of the proposed amendments to the bill. This is not a sign of hubris or dogmatism on the part of the Government. We are always happy to consider amendments to government legislation, and we have done so in this case. However, many of the foreshadowed amendments

reflect issues that the Government has already profoundly considered in significant detail in drafting this bill. Obviously, I will make some observations about those amendments in Committee. But at this stage I commend the bill to the House.

Motion agreed to.

Bill read a second time.

LIQUOR AND REGISTERED CLUBS LEGISLATION AMENDMENT BILL

Bill received and read a first time.

Motion by the Hon. I. M. Macdonald agreed to:

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

ADJOURNMENT

The Hon. I. M. MACDONALD (Parliamentary Secretary) [10.43 p.m.]: I move:

That this House do now adjourn.

SCHOOLS FUNDING

The Hon. PATRICIA FORSYTHE [10.43 p.m.]: Tonight I place on the record some facts about school funding in the hope that some of the myths being peddled by the Carr Government and others in the community might be dispelled. The Coalition is committed to a strong public education system. The second fundamental tenet of the Coalition's policy is that parents have a right to choose a school that suits their philosophy or the needs of their son or daughter. Fact one: The rate of Commonwealth funding for government schools is increasing. This year the Commonwealth is providing $649 million in specific purpose grants for government schools in New South Wales, which is an additional $121 million in funding to government schools since 1996. That is funding increases, not cuts. End of myth one.

Fact two: As a result of a long-standing agreement between the States and the Commonwealth the Federal Government takes primary responsibility for funding non-government schools and the States take primary responsibility for funding government schools. This is not new or specific to the Coalition being in government.

Fact three: The Commonwealth budget has provided increased funding to non-government schools for three clear reasons. First, the Howard Government is now appropriately funding schools according to their funding category, whereas under Labor's new schools policy, new schools funding was capped at category six or below, even if the school was entitled to be included in a higher category that would have attracted higher funding. Second, many Catholic systemic schools were being funded under Federal Labor at a level below their actual level of assessed need. This has been corrected.

Third, non-government schools funding is rising because students in non-government schools are a rising proportion of total school students. For New South Wales at this time this is a key issue. This represents 800 fewer students in government schools and 7,800 additional students in government schools. More students in non-government schools means more funds, as funding is, in part, tied to enrolments. Students in non-government schools receive an average of $3,750 from government sources, compared with $5,600 for each government student per annum. These approximate proportional rates per capita have not changed in recent years. The key issue is that students in non-government schools on a per capita basis receive proportionally the same amount under a Labor Government.

Myth two: The Commonwealth favours non-government students. Fact four: The reality is that when students leave the government system and transfer to non-government schools the States save money and the Federal Government picks up a greater percentage of their schooling costs. That is the basis of the Enrolment Benchmark Adjustment [EBA]. With the introduction of the EBA, government schools have received not one dollar less from the Federal Government. It is imposed because the States are saving money on students leaving the government system. It is an adjustment of the Commonwealth financial assistance grant to the States, for which the New South Wales Treasury has picked up the difference.

Myth three: The Commonwealth is giving more money to non-government schools. Fact five: Except for some new schools recategorised or Catholic schools, it is not giving more money to non-government schools. So-called wealthy schools have not received a rate increase. Fact six: When a school's enrolment increases, its total funding will increase. Conversely if its enrolment is down, its funding will be decreased. Each year both the Commonwealth and the States make a real term adjustment based on the average school running costs.

I will give a brief critique of the document the Minister for Education and Training gave to the estimates committee on funding to what he called wealthy schools. I dare him to look the parents in the eye and call them wealthy. They are making huge sacrifices as a matter of choice to send their children to these schools. The flaw in the Minister's case is that schools in New South Wales, based on enrolment numbers and adjusted average school costs, knew the funding amount they would receive in 2000. The table provided by the Minister shows that he added the adjusted State grant and the adjusted Commonwealth grant together and took away the amount he was penalising schools, using the EBA as a percentage of total grants, not a percentage of the State grant. Schools in category one lost in semester one 18.67 per cent of the money they were anticipating from the State, not 4.02 per cent as claimed in the Minister's flawed document.

The Minister referred to schools such as Pymble Ladies College. He said that it gets more than $3 million in funding from both governments and should not be complaining. He said that the school's cut was only 1.56 per cent. In fact, it was 13.23 per cent in semester one. The Minister did not say that it is the largest school in the Southern Hemisphere, with more than 2,100 students. Of course, therefore, its grant is significant as an absolute figure. I conclude by saying that money to schools means money for teachers and running costs. The people who advocate no funding for these schools are advocating that teachers lose their jobs.

M5 EAST SINGLE EXHAUST STACK

The Hon. I. COHEN [10.47 p.m.]: Two weeks ago an international ventilation workshop was held in Sydney, at the cost of nearly $210,000, to discuss best practice management principles in dealing with toxic fumes from road tunnels. Specifically, the workshop was to examine the problematic M5 East ventilation system and its huge unfiltered stack. As a response to last December's scathing parliamentary inquiry, the Minister for Roads delayed seeking the approval for the M5 East stack until after the workshop and assured us of his intention to implement the recommendations. The recommendations also have significant implications for two other tunnels, which are currently undergoing an environmental impact statement process—the cross-city tunnel, with a 39-metre unfiltered stack next to the Imax centre, and the Lane Cove tunnel, similarly with a huge stack in a residential gully.

For some reason, the Roads and Traffic Authority [RTA] found it necessary to spend more than $10,000 to send its specially chosen facilitator, Mr Arnold Dix, overseas to personally brief the speakers, who in turn had been hand-picked by the RTA and handsomely paid for their input. None of the experts nominated by the community was paid fees for attending, even though they too had forgone their valuable time and earning potential. The RTA did its best to keep the workshop low key, and to restrict public participation and media coverage.

Participants at the workshop were told that the transcripts would be available within a few days, and the report within a week. However, to date, the transcripts have still not materialised, and it seems the report may not become available until another week. They are running late, just like the Minister's trains. That means that the report will be released after Parliament adjourns. By the time Parliament resumes in August, it may well be too late to do anything meaningful to redress this deplorable situation.

Perhaps the transcripts would have been on time if the findings were more complimentary of the RTA, which, in the face of plenty of evidence to the contrary, has been steadily telling the public and local communities that it is implementing international best practice to draw fumes from 4.5 kilometres of tunnel, using jet fans, into an 800-metre tunnel, and dump the fumes via a 25 to 35-metre stack into a valley surrounded by thousands of homes at the foot of the Wolli Regional Park. The international experts, by all accounts, found that claim of international best practice bizarre. They also found it odd that they were invited to assist in the design of a ventilation system, when a 40-metre deep hole the size of a swimming pool has already been dug at Turrella.

It was very evident from the workshop that the current design is fundamentally flawed and overly complicated. Many questions were unanswered and at best it commits the taxpayers of New South Wales to a

very expensive polluting white or grey elephant. In addition to the likely local pollution and health effects, the degradation of the new regional park and reduction in property values and amenity for residents, there are also the economic and environmental implications of the excessive amount of energy required to run the ventilation system. Because no emissions are currently allowed to go out the portals, the exhaust travels for 4.5 kilometres in each of the two loops before being drawn to the 800-meter exhaust tunnel and expelled by jet fans at Turrella.

Perhaps the fact that this involves the redirection of the 500 tonnes of air in the tunnel, all of which is moving at about 40 kilometres per hour, was overlooked. It is not surprising that the ongoing energy cost was conservatively estimated to be $2.8 million per annum in 1997 based on 25.6 megawatt hours of additional electricity, producing many tonnes of greenhouse gases. As a result of the Kyoto accord on greenhouse gases, it seems likely that the energy costs will have to increase—like the ugly stack, those energy costs will be a permanent feature of the motorway because of the current design. Even when emission and engine standards improve over time with the Road and Traffic Authority's [RTA] much proclaimed 2010 Action for Clean Air and the introduction of Euro 3, the pollution and energy cost of running the M5 East ventilation system will continue to escalate.

I understand that international experts suggested a number of more sensible alternatives, such as a longitudinal ventilation system and a small vertical dispersal structure, which could improve dispersal by several orders of magnitude, combined with the use of various cleaning systems, such as electrostatic precipitators and gas cleaning. These would markedly reduce energy use by as much as 75 per cent. Some of these options would mean doing away with the stack at Turrella altogether. Yet last Monday night, at the budget estimates committee hearing, it was clear from RTA Chief Executive, Mr Forward's, evasive answers that the RTA does not intend to significantly alter the current design, regardless of what the findings from the workshop might be.

Mr Forward talked of the possibility of retrofitting after the damage has been done, just as the RTA ignored unanimous recommendations from the parliamentary inquiry to seek expressions of interest for filtration equipment, a recommendation which, interestingly, the Victorian Government has adopted and for which advertisements were placed in newspapers a fortnight ago. Even more remarkable, perhaps, is that the same recommendation was also adopted by the recent Labor Party conference in Sydney. Mr Forward told the committee that as result of the workshop some of the issues may need further discussion, exploration and debate.

That may be well and good if work was not being fast-tracked at Turrella, with a 40-metre hole already dug and pile-driving work started, as well as 24-hour digging of the horizontal tunnel. This is in spite of the fact that the ventilation system has not yet been approved and that there are a number of significant unanswered questions about the air quality modelling and the viability of the proposed design. For this debate to be genuine, what is needed is an immediate suspension of the current work so that the opportunity of a properly designed ventilation system can be made. Anything less shows utter contempt for this House, the parliamentary process and the local communities who have tried to resolve this contentious issue in a very responsible and measured way.

MYALL CREEK MASSACRE

The Hon. JAN BURNSWOODS [10.52 p.m.]: I wish to draw to the attention of the House the reconciliation ceremony that was held at Myall Creek just outside of Bingara on 10 June. On that day several hundred people gathered at the beginning of a 350-metre path lined with the story of the brutal deaths of 28 Aborigines on that day 162 years earlier. At the end of the path is a giant boulder, the final simple destination of the memorial dedicated to the lives of the 28 innocent men, women and children whose spirits, according to Aboriginal legend, have yet to be put to rest. Deprived of traditional burial ceremony, the spirits are unable to find their way home. This memorial service was a step on the road to putting those uneasy spirits to rest.

Reverend John Brown, who played a larger role in the organisation of the memorial and the service said, "This memorial carried the mourning we should have had 162 years ago." The ceremony was attended by descendants of both the perpetrators and the victims. Sue Blacklock, whose great grandfather was a boy when the massacre occurred and one of the only survivors, embraced Beulah Adams, whose great uncle received the death penalty for his crimes. Such a striking image of reconciliation is what I wish to emphasise tonight. I am pleased that the Myall Creek memorial was funded by the New South Wales Government Heritage Assistance Program and the Local Symbols of Reconciliation project of the Council for Aboriginal Reconciliation.

Additional funds were raised by members of the organising committee of the memorial and by the Uniting Church. Bingara Shire Council has also contributed. The organisation of the memorial and the

ceremony, attended as it was by hundreds of people with the descendants of victims and perpetrators side by side and arm in arm, speaks volumes about the nature of the reconciliation movement in this country today. Lyall Munro pointed out that the process of reconciliation on that site began 162 years ago when seven of the 11 men involved in the massacre were hanged for their crimes.

In the midst of all the ignorance and horror at the hands of which countless numbers of Aboriginal people died, there existed a voice of reason and reconciliation. The editorial in the *Sydney Monitor* of Monday 19 November 1838 is interesting. It comments on the initial acquittal of the men involved in the massacre. The editor, Edward Smith Hall, described the Myall Creek massacre as:

> A deed for which we cannot find a parallel for cold-blooded ferocity, even in the history of Cortez and the Mexicans, or of Pizzaro and the Peruvians.

He went on to ask:

> How will this fact tell in England, in France, in Austria, in Prussia and in America?

He then said:

> We tremble to remain in a country where such feelings and principles prevail.

Those words from 1838 could have been taken from yesterday's newspaper. The expression of such a view at such a time is encouraging. It is encouraging that words like that are being used now and that the voice of reason and reconciliation is now flourishing. Anyone who saw the footage of the People's Walk for Reconciliation on 20 May could see the overwhelming support that exists for our indigenous population. Reconciliation is an idea that has co-existed with horror for too long. It is time to end the horror and let reconciliation reign. It is an idea that has existed in this nation for 162 years and now has a such an overwhelming groundswell of support it is hard for anyone to ignore. The only remaining question is how long our Prime Minister can continue to ignore the spirit of reconciliation that is sweeping the country.

BYRON SHIRE COUNCIL OPERATIONS

The Hon. D. J. GAY (Deputy Leader of the Opposition) [10.56 p.m.]: I wish to speak tonight about Byron Shire Council. Unlike my colleague the Hon. I. Cohen I will not be singing the praises of this council, which has proven to be particularly obstructionist and difficult over the past few years. Last night the Hon. I. Cohen told the House that Byron is a green council, and then went on to say that that may be the reason why the Minister for Local Government put the council on three months notice to improve its financial and managerial performance or face a full public inquiry. Frankly, it was done because it is a bad council, not because it is green. I support the move by the Minister. It is time for Byron Shire Council to clean up its act.

Byron Shire Council has a long history of obstructing genuine development projects in the shire. At the time the Minister put the council on notice, some 200 development applications were still with council, and it was amassing a huge legal bill because of ongoing attempts to stop developments. There are also examples of physical obstruction of development sites—not necessarily by councillors—to stop work going ahead. At least one person known to members in this House has been served with an apprehended violence order for his protesting activities. I shall not name him, but it was on a site that had won an environmental award.

Perhaps it is better if I highlight to the House tonight a recent survey that ran in the *Byron News* newspaper. The survey ran for two weeks and produced some interesting results that the Hon. I. Cohen probably would not like to hear. They are from the residents and they run contrary to what he tells the House. Many residents of the Byron shire are fed up with the way the council is operating. I would like to read to the House a selection of the results and comments published in the *Byron News*. They show that 72 per cent of respondents said they were unhappy with council; 66 per cent thought an administrator should be brought in to run the council; and 57 per cent said it was not unfair to blame the new council for the council's poor state and delays in processing applications. Some of the comments by respondents portray the local community's feelings about the operation of the council:

> "The council is beyond repair, totally dysfunctional."

> "This council is an absolute disgrace and has been for 15 years."

> "Byron could amalgamate with either Ballina or Lismore—or whoever will take them."

"As a ratepayer I am sick and tired of being told the council's problems are someone else's fault."

"Those bastards and certain recent staff are accountable for the hardship they have caused on people in the community. As green as they think they are, they don't have any concern for the environment."

They are just a selection of responses to the survey run in the local newspaper. Those comments are by people who live in the shire and who have to put up with this totally incompetent council. I applaud the actions of the Minister. In fact, I entreated him to carry out those actions. I congratulate him on finally putting those actions in place and giving the council a three-month time frame in which to clean up what has been a fairly miserable act so far. As the Hon. R. S. L. Jones indicated, the previous council was so incompetent I gave this new council, as I gave the new council in Newcastle, a chance to show it had changed. I am pleased to say that the council in Newcastle is going gangbusters. The new councillors are actually working well with the excellent staff and getting things to happen. This council in Byron is determined to fight its people, to pick winners and to use the courts and ratepayers money to push political and green agendas. It is not representing the people of this State properly. I believe the Minister has acted properly and cautiously in this matter.

NORTHSIDE STORAGE TUNNEL GAS EMISSIONS

The Hon. Dr P. WONG [11.01 p.m.]: I bring to the attention of the House the building of a vent for the northside sewage storage tunnel at Scotts Creek, Middle Cove. The tunnel is being built by an alliance of Sydney Water, Transfield and others, which plans to build a large vent for the tunnel just 40 metres from the boundary of the adjacent school. Glenaeon Rudolf Steiner School has been in legal mediation with Sydney Water for the past six months in an attempt to alleviate the potential health impacts on the children, parents and visitors to the school, and the surrounding community, both present and future. Mediation has now come to an end without a definitive conclusion and without any assurance to the school and the community. During the mediation process health experts, as nominated by both Sydney Water and the community, were called upon to examine any evidence of possible health impacts.

The experts did not reach agreement on the public health impacts of the proposed vent. They agreed that the public health impacts are difficult to quantify and ranged from "minimal" to "some discernible impact". The community concluded that the vent was unacceptable anywhere near the proposed location because of the proximity to urban development, with consequent health risks and poor dispersion of the emissions due to its location in a steep-sided valley. Sydney Water normally insists on a 400-metre buffer zone between sewage treatment plants and residential development, which is in line with worldwide best engineering practice. The only satisfactory alternative is to pipe the gases back to the North Head sewage treatment plant, where proper gas treatment systems are available, the required degree of separation from people can be maintained and the prevailing winds will ensure optimum dispersion of the emissions.

Sydney Water refuses to consider pumping the air back to Manly because of perceived budgetary and time constraints. The cost estimated by Sydney Water for this work is $30 million. Independent costings suggest that $16 million is closer to the true value of the works. The school is now placed in an untenable position. First, the legal position is that the directors of the school have a duty of care not only to protect the children but also to inform parents if there is a risk to health of the children. Second, the commercial viability of the school is at risk as the current refurbishment program relies on large borrowings, which are based on predictions of growth in the numbers of students at the school. There was no warning of a potential contingency such as the building of the vent when this program was commenced. A reduction in enrolments of only 10 per cent would make the school financially unviable.

If the vent is not removed and the air pumped back to Manly, the directors feel that they have only three options, all of which would force them to seek compensation from the State Government: first, to inform current and future parents that there is potential risk to the health of their children and accept that the school will lose an indeterminate number of enrolments; second, to relocate the school at a cost of up to $50 million for acquisition of alternative land and buildings; or, third, to seek indemnities from the State Government and Department of Health for any future eventuality connected to the vent that might cause illness or disability or death.

Glenaeon school has been on the current site since its establishment 42 years ago. It is part of an environmentally aware community and has a proud history of excellence. It appears that Sydney Water has once again failed to carry out its duty of care to the community and the environment. By not applying the precautionary principle to the health risks raised in mediation, the most vulnerable members of our community are subject to unquantified and unacceptable health risks. The community calls upon us to find a more suitable and environmentally sensitive alternative to this development.

NRMA DEMUTUALISATION

The Hon. R. S. L. JONES [11.05 p.m.]: The special and privileged relationship between the NRMA and advertising agency Saatchi and Saatchi continues with the next phase of the NRMA float advertising campaign—the campaign providing information to members about the listing of shares in NRMA Insurance Group Ltd being awarded to Saatchi and Saatchi. As with the demutualisation advertising campaign, this is a multimillion-dollar contract. However, this time it was awarded without Saatchi and Saatchi having any competition. In fact, the advertising agency did not even have to tender for this latest contract, such is its special relationship with NRMA President Nick Whitlam. This is in marked contrast to the situation applying to the investment banks involved with the float. Even CS First Boston had to tender for its contract.

The Saatchi and Saatchi float advertising contract was awarded at the insistence of NRMA President Nick Whitlam who, as I have said in this House before, is apparently repaying Saatchi and Saatchi for the work it performed for him and his Members First Team during last year's board election campaign. During that campaign Saatchi and Saatchi provided six-figure advertising services for free, or at great discount, on the promise that it would be rewarded with lucrative NRMA contracts if the demutualisation came about. Saatchi and Saatchi has now been rewarded twice for those election advertising services. As well as billboard skins, it provided the Members First election messages on 2CH, billing them under the code name Project Orange, and large investments in the *Sun-Herald*. That huge election advertising exposure outspent all other NRMA candidates put together. And it got the Whitlam-led team elected, enabling Whitlam to frustrate the demutualisation process through the NRMA board and onto a fast listing.

My question tonight is: Has NRMA Insurance's Managing Director, Eric Dodd, been unwittingly implicit in this payback exercise? Did he, as the company's most senior officer, ask Saatchi and Saatchi to tender for this lucrative contract, as is standard for other NRMA service providers, or is Saatchi and Saatchi getting special and preferential treatment because it helped Nick Whitlam during the last elections? Has Nick Whitlam declared to his board, as corporate governance champion, that the advertising agency that was awarded two lucrative contracts this year also performed personal services for his Members First Team? Nick Whitlam has not answered my previous questions as to whether he also declared to the board that another two service providers, Hawker Britten and Salmat, also provided strategy, advice and a brochure delivery during his election campaign.

Nick Whitlam is quick to threaten fellow NRMA director Richard Talbot with financial ruination if he challenges the demutualisation process in court. If he has nothing to hide, how about coming clean with NRMA members that he has not abused his position as president and chairman of the NRMA and NRMA Insurance to receive what appeared to be effectively secret commissions in the form of free or heavily discounted services from NRMA service providers without disclosing this to his fellow board members?

UNITED NATIONS PEACE PLAN FOR WESTERN SAHARA

Ms LEE RHIANNON [11.08 p.m.]: I inform honourable members of the latest developments with regard to the United Nations [UN] peace plan for Western Sahara. Morocco's occupation of Western Sahara in 1975 mirrors Indonesia's occupation of East Timor. Morocco was invaded just before the UN was about to organise a referendum to determine the wishes of the indigenous people. For almost 100 years Spain has occupied this part of Africa. Most Saharan people have fled to refugee camps in Algeria. This means that they are divorced from their homeland and, indeed, live in great hardship. Since 1991 the UN and the Organisation of African Unity have been trying to organise a free and fair referendum to allow the Saharan people to exercise their right to self-determination.

The referendum was originally scheduled for January 1992, but the UN has not succeeded in its efforts to organise the referendum because of obstructive actions taken by Morocco. The main obstacle has been Morocco's attempts to include in the voting lists thousands of Moroccans who have no connection whatsoever with the territory. On 17 January 2000 the UN published the results of the identification process, which lasted five years: 86,386 were deemed eligible voters out of 198,486 people. Obviously a thorough examination had been undertaken. The referendum was due to take place in July this year. Unfortunately, however, the referendum is now delayed indefinitely because Morocco is once again insisting that all those who were rejected will have the right to appeal the UN decision. Morocco has handed the United Nations a list of 135,000 names. The majority of the people named live in Morocco and, what is more, there is no new evidence to provide to the UN. This will mean a delay of many more years before the referendum can be held. It is indeed a flagrant violation of the agreements signed by Morocco.

The current United Nations Secretary-General issued a report on 17 February this year containing a sobering assessment of the peace plan. The Secretary-General doubted that there would be a smooth and consensual implementation of the settlement plan and other agreements. His assessment is that the timetable envisaged is no longer valid and that the date for the referendum can still not be set with certainty. This puts great pressure on the people of Western Sahara. The UN Secretary-General proposed to the Security Council the intention to ask his personal envoy, James Baker, former United States Secretary of State, to initiate a new round of mediation between Morocco and the Polisario Front, which has fought for the self-determination of Western Sahara for many decades.

Mr Baker has three months to complete his mission. The council approved this initiative on 29 February this year and asked the Secretary-General to provide an assessment of the situation before the end of May. The UN mission for Western Sahara has spent so far more than $US437 million over nine years without achieving its mission. The human cost to the people of Western Sahara in terms of suffering in refugee camps and human rights abuses by Morocco is enormous. The Polisario is losing patience with the endless delays in setting a date for the referendum. Each time the UN progresses Morocco puts new hurdles and instructions in place. The UN has not condemned Morocco's behaviour, neither does the UN mission for Western Saraha have the mandate to enforce the implementation of the peace plan.

Since the ceasefire was declared in 1991 Morocco has enjoyed the status quo. It suits Morocco to keep the UN in Western Sahara since Morocco has the absolute control of the majority of the territory and its resources and any kind of protest from the people of Western Sahara in the occupied areas is brutally suppressed. The Greens congratulate the Polisario on its work to free Western Sahara and we pay tribute to Kamal Fadel, the Polisario representative in Australia. The Greens support the request issued by the Polisario that the Australian Government use all available means to help in the successful implementation of the UN peace plan for Western Sahara. The role of the international community to prevent a UN failure in Western Sahara and a return to war is of utmost importance. The Polisario believes that if the UN is not able to organise a referendum by this year its presence would become irrelevant and there would be a return to hostilities.

[*Time for debate expired.*]

Motion agreed to.

House adjourned at 11.13 p.m.